

98-84322-12

U.S. Federal Trade  
Commission

Cottonseed industry

Washington

1928

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... Cottonseed industry. Letter from the chairman of the Federal trade commission transmitting a report of the Federal trade commission on the cottonseed industry, submitted in pursuance of House resolution no. 439, Sixty-ninth Congress ... Washington, U. S. Govt. print. off., 1928.

x, 37 p. Incl. tables. 23<sup>cm</sup>. (70th Cong., 1st sess. House. Doc. 193)

Referred to the Committee on interstate and foreign commerce and ordered printed, March 5, 1928.

1. Cotton-seed.

Library of Congress

HD9093.U5A5 1928

28-26203

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 11:1

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INITIALS: FB

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COTTONSEED INDUSTRY

U. S. FEDERAL TRADE COMMISSION

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**COTTONSEED  
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LETTER FROM THE CHAIRMAN OF THE FEDERAL  
TRADE COMMISSION TRANSMITTING A REPORT OF THE  
FEDERAL TRADE COMMISSION ON THE COTTONSEED  
INDUSTRY, SUBMITTED IN PURSUANCE OF HOUSE  
RESOLUTION No. 439, SIXTY-NINTH CONGRESS



MARCH 5, 1928.—Referred to the Committee on Interstate and Foreign Commerce  
and ordered to be printed

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON  
1928

Rec. May 25, 1924

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#### ACKNOWLEDGMENT

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The commission desires to mention as contributing to the preparation of this report Mr. H. L. Anderson, assistant chief examiner; Mr. W. A. Mehegan; and Mr. George A. Ward, of the legal investigating division.

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#### LETTER OF TRANSMITTAL

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FEDERAL TRADE COMMISSION,  
*Washington, March 5, 1928.*

Sir: I have the honor to transmit herewith the report of the Federal Trade Commission on the cottonseed industry.

This report was prepared and is submitted in pursuance of House Resolution 439, Sixty-ninth Congress, second session, adopted March 2, 1927.

By direction of the commission.

W. E. HUMPHREY,  
*Chairman.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,  
*Washington, D. C.*

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## LETTER OF SUBMITTAL

FEDERAL TRADE COMMISSION,  
Washington, March 5, 1928.

To the SPEAKER OF THE HOUSE OF REPRESENTATIVES:

SIR: On March 2, 1927, the United States House of Representatives directed the Federal Trade Commission (H. Res. 439, 69th Cong., 2d sess.) to investigate "the action of those industries engaged in purchasing cottonseed for the purpose of crushing cottonseed, and these industries engaged in refining, and otherwise processing and marketing cottonseed" for the purpose of ascertaining whether there be a combination to fix the prices of cottonseed in violation of the antitrust laws and to report its findings to the House of Representatives as soon as possible. The commission was also directed to proceed if it was determined that those engaged in purchasing and processing cottonseed "maintain a monopoly in violation of law or use unfair methods of competition in commerce."

A summary of the facts disclosed by the above inquiry, together with certain conclusions, is submitted herewith. A detailed report of the principal facts accompanies this letter.

### SCOPE OF INQUIRY

It appears that there are several concerns engaged in the crushing of cottonseed and also in the refining of crude cottonseed oil, which is a separate operation. In addition, some are also engaged in the manufacture of products from the refined oil, such as lard substitutes and soap. Among these are such important concerns as the Procter & Gamble Co., of Cincinnati, Ohio, manufacturers of Crisco and soaps, and which operates a chain of crushing mills through its subsidiary, the Buckeye Cotton Oil Co.; the Southern Cotton Oil Co., of New Orleans, La., manufacturers of Snowdrift and Wesson Oil; Armour & Co., of Chicago, Ill., manufacturers of shortening, soaps, and salad oil; and Swift & Co., of Chicago, Ill., manufacturers of shortening, soap, and washing powder. The Portsmouth Cotton Oil Refining Corporation, of Portsmouth, Va., manufacturers of shortening and salad oil, and the Van Camp Packing Co., of Louisville, Ky., manufacturers of salad oil, also refine large quantities of crude cottonseed oil, but are not engaged in the operation of crushing mills. In 1926 these six concerns refined more than 70 per cent of the total cottonseed oil refined in the United States. There are also several concerns which operate a chain of crushing mills, but which are not engaged in the manufacture of cottonseed oil. Among these are the National Cotton Seed Products Corporation, of Memphis, Tenn., operating mills in Tennessee and

## LETTER OF SUBMITTAL

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Arkansas, and the Choctaw Cotton Oil Co., of Ada, Okla., and the Chickasha Cotton Oil Co., of Chickasha, Okla., both of which operate a chain of mills in Oklahoma and Texas.

It was also disclosed that practically all of the concerns engaged in the crushing industry were members of the Interstate Cotton Seed Crushers Association. This association has adopted certain trading rules which are used by its members in the purchase and sale of oil. For this reason, most of those engaged in the refining of crude cottonseed oil have also become members of this same association. Most of those engaged in the crushing industry, with the exception of the Procter & Gamble Co. and its subsidiary, the Buckeye Cotton Oil Co., are, however, also members of State trade associations. The various State organizations of this character are as follows:

Louisiana Cotton Seed Crushers Association, New Orleans, La.  
Mississippi Cotton Seed Crushers Association, Meridian, Miss.  
Oklahoma Cotton Seed Crushers Association, Oklahoma City, Okla.  
Arkansas Cotton Seed Crushers Association, Little Rock, Ark.  
Tennessee Cotton Seed Crushers Association, Memphis, Tenn.  
Texas Cotton Seed Crushers Association, Dallas, Tex.  
The Cotton Seed Crushers Association of Georgia, Atlanta, Ga.  
Alabama Cotton Seed Crushers Association, Montgomery, Ala.  
South Carolina Cotton Seed Crushers Association, Columbia, S. C.  
North Carolina Cotton Seed Crushers Association, Greenville, N. C.

The above have been in operation for several years, although some have been inactive at times.

With knowledge of the fact that several large concerns were interested in all phases of the industry, and that those interested most in the purchase price of the seed, viz, the crushers, were members of both State and national trade associations, particular attention was given to the activities of these groups in conducting the investigation. Access was had to the files of these organizations, which was supplemented by interviewing the officials of many of the larger concerns.

Those engaged in refining were requested by the commission to furnish data with respect to quantities of oil refined and used during the years 1925 and 1926. Reports as to prices paid for seed during the seasons 1925-26 and 1926-27 were also made by the important concerns engaged in the operation of crushing mills. This data has been supplemented by statistics secured from the United States Bureau of the Census of the Department of Commerce and the United States Department of Agriculture.

### SUMMARY OF FACTS

The products from cottonseed are oil, cake or meal, hulls and linters, a ton of seed yielding roughly 300 pounds of oil, 925 pounds cake or meal, 575 pounds hulls, 100 pounds linters, thus leaving 100 pounds waste. Naturally there is a close relation between the price paid for seed and the market value of the products to be extracted. No official standards having been established for seed, there are no official quotations on the cotton or produce exchanges for this product. There are also no official quotations on cottonseed products, with the exception of refined oil. The latter product is officially quoted on the New York Produce Exchange and the New Orleans



Cotton Exchange. Crude oil, the product of the oil crushing mill, is quoted regularly at about 160 points, or 13½ cents less than the price for refined oil. No evidence was secured tending to show that the price of refined oil was established by other than bona fide transactions similarly as the price of many other commodities is established. This market is affected of course by such natural factors as the supply and demand, the price of other vegetable oils, and the price of lard with which vegetable shortening is in direct competition.

Semiofficial quotations on cottonseed and cottonseed products are published daily by the cotton exchanges at Dallas and Houston Tex., New Orleans, La., and Little Rock, Ark. These represent the highest price bid or actually paid each day for seed by the mills in the respective localities. This information in turn is promptly furnished by the Western Union Telegraph Co. to subscribers of its service and on the following day is published in certain of the daily papers. At Dallas, Tex., and Hot Springs, Ark., it is also broadcast by radio. With these exceptions and the market quotations on crude oil, there are no published prices on either cottonseed or its products, and for this reason the industry has been described as highly speculative.

The cotton grower usually disposes of his seed to the ginner at the time of ginning. The value of the seed is small as compared with the value of the ginned cotton, 1,500 pounds of seed cotton yielding about 1,000 pounds of seed, which at \$40 per ton would give a return of only \$20 as compared with \$100 for the cotton, assuming that the price was 20 cents per pound. The uncertainty of the value of the seed, however, has always been a cause of dissatisfaction, first, because of the lack of a system of grading the grower realizes no more for seed of a good quality than for seed of an inferior quality, and, second, because of the inavailability of reliable information as to the current market value of cottonseed, he is not aware as to whether the ginner is paying him a fair price. The ginner operates either on his own account, selling the seed to the oil mill, or is buying on commission, usually \$3 per ton, for an oil mill. Although some complaints were received by the commission as to speculation on the part of the ginner, the data obtained would not indicate that the practice was general.

In 1926 there were 370 oil mills in operation, some of which operate as many as 16 presses. Chains of mills are operated by several concerns, among which are the following:

	Mills
Southern Cotton Oil Co.	49
National Cotton Seed Products Corporation	19
Luckeye Cotton Oil Co. (Procter & Gamble Co.)	9
Choctaw Cotton Oil Co.	11
Chickasha Cotton Oil Co.	8
Sutherland Cotton Oil Co.	9
International Vegetable Oil Co.	6
Swift & Co.	5

These concerns occupy no monopolistic position, at least in any wide territory, as the mills of these companies generally are located throughout the various cotton-producing States. No evidence was secured indicating that these concerns had cooperated with each other in the fixing of prices paid for seed. The average prices paid by

these concerns (with the exception of Swift & Co.) during the seasons of 1925 and 1926 are included in Tables 3 and 4 (see pp. 26-33), but do not indicate that prices paid were uniform. Prices vary in the same localities and in some States range from \$2 to \$6 per ton.

As previously stated, practically all of the concerns operating crushing mills are members of the Interstate Cotton Seed Crushers' Association. The trading rules of the association are used by members in buying and selling oil and also in dealing with nonmembers. The association is not engaged in price activities, its chief functions being the enforcement of its trading rules and general promotion work. Some of the State associations, however, which are operated independently of the interstate association do collect and disseminate information with respect to prices and market conditions. While much of this information is of a general character, some, no doubt, is calculated to influence the mills in their purchase of seed. In 1926 the members of the State associations in the southeastern group also made an attempt to adopt uniform trading rules. These rules contemplated the payment of uniform commissions for buying seed and the discontinuance of option contracts which, if generally adopted, would tend to make seed prices uniform. The North Carolina and South Carolina associations are the only ones noted which collect data regularly from their members as to prices paid for seed. The average price of all mills in these States reporting each week is transmitted to their members and is frequently sent to the secretaries of other State associations. The only concrete evidence of direct cooperation between the State associations was an effort in 1926 to curtail the production of linters by concerted action in reducing the cut at the mills. The plan had been put into effect by some of the State associations, but at a joint meeting held in Memphis, Tenn., on October 26, 1926, the legality of the plan was questioned, and as a result no further action in that direction was taken. The effect of the action of the mills in some of the States putting the plan into operation was to reduce the total linter cut for the year by approximately 200,000 bales. No evidence was disclosed indicating that the practice was resumed in the 1927 season.

The low prices paid for cottonseed in 1926 was the cause of many complaints, and no doubt was one of the reasons for this inquiry. It would seem, though, that the extremely low prices might well be attributed in part to an increase in production. In 1922 and 1923 the production was from an average crop of cotton, the seed crushed being slightly more than 3,000,000 tons each year. Prices soared in 1923 far above what was warranted by the price of the products, and as a result many of the concerns operating oil mills experienced financial difficulties. In 1923 prices averaged \$8 to \$10 per ton above prices for the previous year. In 1924 there was an increase in the production and prices were about the same as in 1922, the average price to the producer being \$34.16 per ton. In 1925, 1,000,000 more tons of seed were crushed than in 1924, and the average price to the producer was only \$30.83 per ton. In 1926 the production of seed was again substantially increased, the quantity crushed exceeding that in 1925 by about 750,000 tons, and as a consequence prices became demoralized, the average price to the producer being only \$21.63 per ton. According to estimates of the United States Department of

Agriculture, the cotton crop this year was only about two-thirds of what it was last year, so that the seed available for crushing probably did not exceed 4,250,000 tons. As a result prices were much higher this season than in 1926, the cost of the seed to the mill in most localities being about \$40 per ton.

Under normal conditions seed prices are influenced most by what the oil mill expects to realize from the resultant products, especially oil, the value of which exceeds the total value of the cake or meal, hulls, and linters. It is contended that the speculator fixes the price for seed, in which event if the trend of oil prices was downward the price of cottonseed might easily fall below its real value, whereas if the oil market was bullish, higher prices might prevail for seed than could be realized from the products. On the whole, however, prices during the last two years have followed the price of oil, and when the freight to the mill and the cost of manufacturing are added, the total does not differ materially from the total value of all products extracted from the seed.

#### CONCLUSIONS

Although there is considerable evidence of cooperation among the State associations, the evidence as a whole does not indicate that prices paid for cottonseed have been fixed by those engaged in crushing or refining cottonseed in violation of the antitrust laws or the Federal Trade Commission act. This, of course, does not preclude the commission from proceeding against those engaged in these industries should conclusive evidence later come to hand indicating price fixing or the use of other unfair methods of competition.

The commission also concludes as a result of this inquiry that one of the main causes of dissatisfaction to both the producer of cottonseed and those engaged in its purchase and manufacture is the lack of a uniform system of grading. Standards should be established for cottonseed as have been established for cotton and other products so that those dealing in seed may arrive at a fair value and which should, in some measure at least, be reflected indirectly in the price paid the producer. It is our understanding that the United States Department of Agriculture is cooperating with the industry in the adoption of such a plan.

Respectfully,

FEDERAL TRADE COMMISSION,  
By W. E. HUMPHREY, *Chairman*.

## COTTONSEED INDUSTRY

### I. ORIGIN AND SCOPE OF INVESTIGATION

#### ORIGIN OF INQUIRY

This investigation was made pursuant to a resolution adopted by the United States House of Representatives on March 2, 1927. The resolution was presented by Mr. McDuffie and is as follows:

Whereas the price paid the producers of cottonseed has been practically the same and uniform throughout the cotton-producing sections of the country during the harvesting period for several years; and

Whereas it appears that those industries engaged in purchasing and processing cottonseed are in agreement or combination on the prices to be paid the producers in restraint of trade: Therefore be it

*Resolved*, (1) That the Federal Trade Commission be, and it is hereby, directed to investigate the action of those industries engaged in purchasing cottonseed for the purpose of crushing cottonseed, and those industries engaged in refining, and otherwise processing and marketing cottonseed, to ascertain if there be a combination, agreement, or association to fix prices of cottonseed or to violate any of the antitrust laws.

(2) The Federal Trade Commission shall make such investigation as is hereby directed with reasonable dispatch and report the result of their findings to the House of Representatives as soon as possible.

(3) Should it be determined that any persons, firms, corporations, or associations engaged in purchasing and processing cottonseed maintain a monopoly in violation of law or use unfair methods of competition in commerce, the Federal Trade Commission shall forthwith by appropriate action proceed for the punishment of such practices or violations of law in accordance with acts of Congress provided in such cases. (H. Res. 439, 69th Cong., 2d sess.)

Prior to the adoption of the resolution referred to above the commission had instituted an inquiry as to conditions in the cottonseed industry in the State of Georgia. This inquiry was based on a letter received by the commission from Congressman Rutherford, of Georgia. Similar charges to those stated in the resolution were made in the letter, viz, that the price paid the farmer for cottonseed was uniform and that it was believed that such prices were the result of an agreement or understanding among the buyers of seed. The letter is as follows:

FORSYTH, GA., September 16, 1926

Mr. JOHN F. NUGENT,

*Chairman, Federal Trade Commission, Washington, D. C.*

The farmers of Georgia have materially suffered during the last five years, as a result of the defoliation in 1920 and the ravages of the boll weevil which destroyed a large percentage of the cotton crop. From 1915 to the spring of 1920 our farmers prospered, as they not only succeeded in growing fairly good crops but received remunerative prices for the products they had grown.

Since that time farm loans and mortgages on farms have increased very rapidly and in many sections of our county the people have been forced to desert the farms and seek work in industrial centers.

For a long time after the people began to grow cotton there was practically no demand for the cottonseed, and the seed were either used as a fertilizer or

turned. Later on, as our people grew in knowledge, it was discovered that cottonseed could be used in many ways to advantage, and the farmers began to receive a fair price for this product.

Just as long as there were a number of independent oil-mill operators and buyers the farmers received a fair price for their cottonseed. It was generally known that the price of seed was largely based upon the price of meat and lard products. When the western farmers received a good price for their meat and lard, the southern cotton planters received a good price for their cottonseed.

Meat is selling, in our section of the country, at the highest price that it has been for years, and the price of cottonseed is lower than I have known it to be for many years. It is generally known that there is but a limited number engaged in the oil-mill business, and as a result thereof the farmers of my State are being made the victims of what is generally known as an agreement between the buyers to keep the price down.

The price of seed to-day is more uniform than the products of the Standard Oil Co., which leads all of us to believe that there is a positive understanding and agreement between the producers as to the price they will pay the farmers for their cottonseed.

When the Federal Trade Commission was first inaugurated it served a very useful purpose and functioned well. There is no reason why this same situation should not exist now, and I want to appeal to you in behalf of the farmers of my district and State to investigate, as quickly as possible, what agreement, if any, has been entered into by the buyers of cottonseed in Georgia.

We have a wonderful country and a very loyal people. We were instrumental in winning the last war, but it seems that we are unable to regulate and control big interests where they are working to the injury of the producers and masses of our country.

Trusting that this matter may be given your immediate attention, I am,  
S. RUTHERFORD, M. C.

In 1925 the commission, as a result of specific complaints, also investigated similar charges regarding conditions in Oklahoma and Texas, the main allegation being that Dallas quotations were used as a means to fix prices in those sections. Although these investigations did not disclose facts warranting corrective action, they were helpful in the general investigation made under the resolution and have been considered in the preparation of this report.

#### SCOPE OF INVESTIGATION

The main purpose of the resolution apparently was to ascertain whether those engaged in the purchase of cottonseed for the purpose of crushing or those engaged in refining or otherwise processing cottonseed had combined to fix prices in violation of the antitrust laws, or were using unfair methods of competition. It was known that practically all of the important concerns operating cottonseed oil mills as well as those engaged in refining cottonseed oil were members of a trade association known as the Interstate Cotton Seed Crushers' Association. It was also known that most of those engaged in the purchase of cottonseed and operating oil mills were members of State organizations which were active in promoting the welfare of their own members. As a result, particular attention was given to the investigation of the activities of these groups, access being had to the files and records of all associations in the industry. The officials of these associations were interviewed relative to conditions in the industry, as well as officials of many of the concerns engaged in the operation of oil mills and refineries. The facts secured in this connection are presented in this report, together with certain statistical data relative to prices paid for cottonseed during the seasons 1925-26 and 1926-27.

In the preamble of the resolution it is stated that the prices paid the producers of cotton in the various cotton-producing sections of the country have been practically the same and uniform. While it was not practicable to secure data showing prices paid the producer by the ginner, the variation and trend of prices is indicated to the same degree by the data secured from the cottonseed mills showing the average prices paid for cottonseed f. o. b. shipping point. This data was secured by questionnaire from representative mills located in each of the cotton-producing States. The period covered during the two seasons is the last 10 days of September, October, and November, during which time the bulk of the seed is sold.

Statistics relative to the annual production of cottonseed and cottonseed products and the average price of cottonseed paid the producer were secured from the Bureau of Census, United States Department of Commerce, and the Bureau of Agricultural Economics, United States Department of Agriculture, and are included in the report. Officials of the Department of Agriculture were also interviewed relative to general conditions in the industry and to the efforts of that department to establish a uniform system of grading cottonseed.

#### II. COTTONSEED MARKETING

The annual production of cottonseed is, of course, dependent on the size of the cotton crop and varies greatly from year to year. Fifteen hundred pounds of seed cotton yields roughly 500 pounds lint cotton and 1,000 pounds of seed. According to the United States Census Bureau, 4,336,000 tons of seed were produced in 1922 while in 1925 the production was 7,150,000 tons. In 1926 the production was 7,989,000 tons. Texas produced almost one-third of the total crop, its estimated production for this year being 2,506,000 tons. Other of the important producing States were Mississippi with 838,000 tons; Oklahoma, 788,000 tons; Arkansas, 688,000 tons; Alabama, 665,000 tons; Georgia, 664,000 tons; North Carolina, 538,000 tons; South Carolina, 447,000 tons; and Louisiana, 368,000 tons.

The method of marketing seed is practically uniform, the farmer selling his seed to the ginner at the time of ginning. In some cases, the farmer with capital and storage facilities will store his seed and sell in carload lots direct to the crusher, but the bulk of the seed is sold to the ginner who may be purchasing the product on his own account or on commission for the crusher. Where the seed is purchased by the ginner on commission, he is usually furnished capital with which to buy and allowed \$3 per ton for his services. Ginneries are in operation in all sections where cotton is produced. The machinery for a modern gin represents an investment of only about \$6,500 and more than 15,000 ginneries are in active operation during the cotton-marketing period. The ginning season embraces a period from about the middle of August until the middle of November.

Seed crushing by the oil mills begins with the ginning season and continues into the following year or until all the seed purchased has been crushed. The average mill is, therefore, in operation only six or seven months of the year, the remainder of the year being devoted

to disposing of the resultant products. The crushing capacity of a mill depends on the number of presses installed, the largest mills operating as many as 16 presses. The extraction of the oil was originally the prime object of crushing cottonseed, but in recent years the other products, especially meal, which is used in the preparation of stock feed, has become valuable.

Cottonseed separated from the cotton by the process of ginning is coated with a short cotton fiber. When sold or delivered to the crushing mill this coating of fiber is removed from the seed, packed in bales, and is commercially known as "linters." Next, the hull is separated from the kernel of the seed and is commercially known as "hulls." The kernel of the seed is subjected to heat and then by means of hydraulic pressure the oil is extracted in what is commercially known as "crude oil." The pulp as removed from the press is in the form of flat hard cakes which, when ground, is commercially known as "meal." If the product is to be exported it is usually left in cake form.

Cottonseed oil in its crude state is sold by the mills to refiners and by them deodorized, bleached, and hydrogenated for sale as vegetable oil shortening or lard compound. Cottonseed oil because of its position governs the price of other vegetable oils. Refined oil is also used to a considerable extent by bakers in liquid form and by the consuming public as cooking and salad oils. A small percentage of the refined oil is used by oleomargarine manufacturers although it is stated that the percentage used for this purpose at the present time is negligible. Soap and washing powder manufacturers, as a rule, use only the off grades of oil.

Cottonseed meal or cake has a high protein content and is fed to livestock either in the form of cake or as meal mixed with other feeds. This product is used chiefly by the manufacturers of stock feed and is, of course, in competition with other concentrated protein feeds such as linseed meal, peanut meal, etc. Approximately 20 to 25 per cent of the total production is exported.

Cottonseed hulls are largely used by the farmer as roughage in cattle feed. The mills usually find a market for the hulls in their immediate neighborhood.

Cotton linters are used in the bedding and mattress trade and is a source of cellulose used in the manufacture of artificial silk, celluloid, writing paper, rayon, and other cellulose products. The uses of this product have been extended materially in recent years.

From the above it is evident that there are many elements which may have a direct bearing on the price paid for cottonseed. The oil is the most valuable product and the relation which the market price of this product has to the price of seed is discussed later in the report. (See p. 36.) The oil content of seed varies considerably in different sections, due to the difference in the soil and climatic conditions, and also varies in the same section from season to season. From a ton of cottonseed, roughly, the following is obtained: Crude oil, 300 pounds; cake and meal, 925 pounds; hulls, 375 pounds; and linters, 100 pounds, thus leaving only about 100 pounds as waste. Regardless of the condition or quality of the product the producer is paid practically the same price, there being no established grades for seed. As a rule, the mill purchases seed "as is" on the basis of

its being prime seed which apparently means no more than the seed is not rotten, does not contain a large quantity of foreign matter, and does not contain excessive moisture. The Bureau of Agricultural Economics of the United States Department of Agriculture has been for some time endeavoring with the cooperation of the trade associations in the industry to establish a system of standardization which could be universally adopted. In fact, grades have been established for linters and are being followed this year. A majority of the large oil mills have adopted the system in selling, and of the important users of this product more than 50 per cent of the mattress manufacturers and practically all of the cellulose manufacturers purchase on this basis. Copies of the standard grades for American cotton linters are prepared by the Department of Agriculture and sold to the trade in the same manner as are copies of the cotton standards. The price has been fixed at \$5 a grade and it is believed that within a short time the system will be in universal use. Progress is also being made as to the adoption of a plan whereby seed will be graded according to its volume content. This plan has been submitted to the various concerns interested and has the approval of the Interstate Cotton Seed Crushers Association. If universally adopted this will no doubt be helpful to those dealing in seed in arriving at a fair value which should in turn be reflected in the price paid the producer.

The development of the cottonseed oil industry began about the year 1880, when there were some 45 mills in the United States. About this time it was discovered that cottonseed oil could be used in the manufacture of shortening, after which a much larger percentage of the seed produced was crushed. For example, it has been estimated that only about 5 per cent of the seed produced during that year was crushed, whereas during 1926, 80 per cent of the total production was crushed. Agriculturists estimate that the annual production now contributes \$500,000,000 to the wealth of the country. The number of mills increased accordingly, there being 844 in operation in 1915. Since then the number of mills operating has decreased, the number of mills in operation during the past five years being less than 600. The average crush in 1926 exceeded 11,000 tons. In the table following is shown the actual number of mills in operation during the last five years together with the quantity of seed crushed and the quantity of cottonseed products produced.

TABLE 1.—Number of cottonseed-oil mills in operation, quantities of cottonseed crushed, and the quantity of cottonseed products produced during the years 1922-1926

[Compiled from statistics published by the U. S. Bureau of the Census]

Year	Number of mills in operation	Cottonseed crushed (tons)	Cottonseed products			
			Oil (gallons)	Cake and meal (tons)	Hulls (tons)	Linters (500-pound bales)
1922.....	527	3,241,557	133,722,995	1,487,067	943,773	590,537
1923.....	532	3,307,598	130,615,609	1,517,859	941,630	639,540
1924.....	530	4,698,227	187,170,824	2,125,618	1,330,764	857,962
1925.....	563	5,538,213	213,601,903	2,596,715	1,547,351	1,044,405
1926.....	570	6,305,775	251,721,354	2,840,084	1,854,389	1,041,864

A mill may be one of a number operating under one corporate management or may be the sole operating entity of one concern. Chains of mills are operated by several concerns among which are the following: Southern Cotton Oil Co., New Orleans, La., 49 mills; Swift & Co., Chicago, Ill., 5 mills; National Cotton Seed Products Corporation, Memphis, Tenn., 19 mills; the Buckeye Cotton Oil Co. (Procter & Gamble Co.), Cincinnati, Ohio, 9 mills; Choctaw Cotton Oil Co., Ada, Okla., 11 mills; International Vegetable Oil Co., Memphis, Tenn., 6 mills; Southland Cotton Oil Co., Paris, Tex., 9 mills; and the Chickasha Cotton Oil Co., Chickasha, Okla., 8 mills. While many of the mills of large capacity are included among the mills operated by the concerns named, there are several of large capacity not operated by a chain.

The crude oil as produced by the crushing mill must be refined with reasonable promptness to avoid deterioration. Some of the important concerns operating crushing mills also operate refineries, especially those concerns using oil in manufactured products, while others must market the oil by sale to refineries. There are also several refineries who own no crushing mills but must purchase their entire requirements of crude oil.

In all there are 59 concerns engaged in refining or trading in refined cottonseed oil, most of those refining large quantities also being engaged in the manufacture of lard substitutes and edible oils. Among these are the Procter & Gamble Co., of Cincinnati, Ohio, manufacturers of Crisco, a vegetable oil compound, and soap. This concern has refineries at Dallas, Tex.; Ivorydale, Ohio; Macon, Ga.; and Port Ivory, N. Y.; at which the crude oil produced by the mills owned by its subsidiary, the Buckeye Cotton Oil Co., and crude oil purchased from other mills is refined. The Southern Cotton Oil Co., of New Orleans, La., manufacturers of Snowdrift, a vegetable oil compound, and Wesson Oil, has refineries at Bayonne, N. J.; Memphis, Tenn.; Savannah, Ga.; and at New Orleans, La. This concern was formerly a subsidiary of the Virginia-Carolina Chemical Co., of Richmond, Va., which latter company went into the hands of a receiver in 1924. The stock is now held by the Wesson Oil & Snowdrift Co., which was organized in 1925 for the purpose of holding the stock of the Southern Cotton Oil Co. and the Southport Mills (Ltd.), the latter concern also owning a refinery at Gretna, La. (The legality of the holding of the stock of these two companies is being considered by the commission under section 7 of the Clayton Act.) Swift & Co., of Chicago, Ill., manufacturers of shortening, soaps, washing powder, etc., have refineries at Little Rock, Ark.; Atlanta, Ga.; Chicago, Ill.; Kansas City, Kans.; Harvey, La.; Charlotte, N. C.; Memphis, Tenn.; Fort Worth, Tex.; and Houston, Tex. Armour & Co., of Chicago, Ill., manufacturers of shortening, soaps, and salad oil, have refineries located at Chicago, Ill.; Fort Worth, Tex.; Chattanooga, Tenn.; Kansas City, Kans.; and Oklahoma City, Okla. Other concerns refining large quantities of oil are the Portsmouth Cotton Oil Refining Corporation, of Portsmouth, Va., manufacturers of shortening and salad oils, and the Van Camp Packing Co., of Louisville, Ky., manufacturers of salad oil. In 1925-26 these six companies refined approximately 73 per cent of the total production of crude oil. In 1926-27 the same companies, together with the Na-

tional Cottonseed Products Corporation, of Memphis, Tenn., refined approximately 77 per cent of the total production. Only five other concerns refined more than 20,000,000 pounds in 1926-27, these companies being the Armstrong Packing Co., of Dallas, Tex.; Seaboard Refining Co., New Orleans, La.; Gulf & Valley Cotton Oil Co., New Orleans, La.; South Texas Cotton Oil Co., Houston, Tex.; and the International Refining Co., of San Antonio, Tex.

Most of the refining concerns mentioned above use refined oil in the manufacture of shortening, salad oil, and soap, while others sell oil to the manufacturers of such products. The six large refiners mentioned in the paragraph above consume the larger portion of the oil refined, and in 1926 consumed about 65 per cent of the total production. Only one other concern, the South Texas Cotton Oil Co., consumed in manufacture more than 20,000,000 pounds.

### III. COMPETITIVE CONDITIONS

In the preceding section have been mentioned some of those engaged in the crushing and refining of cottonseed. The most important of these are competitors in the purchase of seed, some also in the purchase of crude oil, and others in the sale of refined oil or products manufactured from refined oil. For example, the Southern Cotton Oil Co., which operates a chain of 49 crushing mills located in the various cotton-producing States, is in competition with the other 500 mills in the purchase of seed, in the purchase of crude oil to meet its requirements above that produced at its own mills it is in competition with the Procter & Gamble Co., Swift & Co., and other refiners; and in the sale of its manufactured products it is in competition with the Procter & Gamble Co., Swift & Co., and other manufacturers of vegetable oils and compounds as well as the sellers of olive oil and manufacturers of hog lard. Of those purchasing cottonseed and who were interviewed the statement was general that the oil mills in arriving at the price which they pay is to calculate the value of the products to be obtained to which is added the cost of crushing and an allowance for profit. All agree that the business is highly speculative due to the many factors which may affect the price of oil and other cottonseed products.

No evidence was obtained indicating that these large interests cooperated with each other in the purchase of cottonseed or cottonseed products. Crude and refined oil are purchased from each other, and these transactions are governed by certain trading rules under the supervision of the Interstate Cotton Seed Crushers Association. All of the refiners and practically all of the oil mills are members of this association, and most all are members of the various State associations which have adopted the trading rules of the Interstate Association. The Procter & Gamble Co. and its subsidiary, the Buckeye Cotton Oil Co., are not members of any State association but are members of the interstate association. In addition to crushers and refiners of cottonseed oil, the membership includes lard-compound manufacturers and others engaged in allied industries.

## TRADE ASSOCIATION ACTIVITIES

The Interstate Cotton Seed Crushers Association has been in operation for more than 30 years and was incorporated under the laws of Louisiana, April 19, 1921. The purposes of the organization, as stated in its charter, are as follows:

First. To secure cooperation among the edible-oil millers of North America in lawfully furthering and protecting the interests and general welfare of the industry.

Second. To afford a means of cooperating with the Federal and State Governments in all matters of general concern to the industry.

Third. To promote and foster domestic and foreign trade in edible-oil mill products.

Fourth. To promote the mutual improvement of its members and the study of the arts and sciences connected with the edible-oil milling industry.

Fifth. To inform and interest the public as to the economic worth of the edible-oil mill industry.

Sixth. To encourage cooperation with growers, producers, and distributors of edible-oil mill products.

The present officers are:

S. W. Wilbor, president, Paris, Tex.  
J. E. Byram, vice president, Alexandria, La.  
Harry Hodgson, vice president, Athens, Ga.  
Christie Benet, general counsel, Columbia, S. C.  
George H. Bennet, secretary-treasurer, Dallas, Tex.

Its executive committee is as follows:

S. W. Wilbor, chairman, Paris, Tex.  
J. E. Byram, Alexandria, La.  
Harry Hodgson, Athens, Ga.  
W. A. Sherman, Houston, Tex.  
T. O. Asbury, New Orleans, La.  
W. Yountsey, Cincinnati, Ohio.  
H. W. Lynn, Ballinger, Tex.

In addition, it has the following committees:

Rules committee.  
Appeals committee.  
Chemists' committee.  
Commerce relations committee.  
Grievance committee.  
Insurance committee.  
Traffic committee.  
Committee on standardization of linter grades.  
Committee on seed grading.  
Legislative committee.  
Committee on extension cottonseed products.  
Research committee.  
Ad. several arbitration committees.

The principal function of the association is the enforcement of its trading rules. In recent years it also has been active in general promotion work for the benefit of the entire industry. The refiners' division also has adopted a code of trade practices to be followed in dealing with the jobbing trade. The code referred to is as follows:

1. A sale is a definite contract entered into in good faith between buyer and seller covering a definite quantity of goods of a specified brand, and no order not authorized by the buyer will be accepted by the seller.

2. All contracts are to be made in good faith subject to no cancellation save for legal cause, and no overshipment is to be made on any contract.

3. Terms of sale are to be no more favorable than payment in thirty (30) days net, with one (1) per cent discount for cash if paid within ten (10) days.

4. No consignments are to be carried with distributors or with consumers, such as bakeries, hotels, restaurants, etc.

5. No allowances, rebates, or subsidies of any kind are to be paid or allowed to customers or their employees, whether in the shape of brokerage, advertising, credit for freight or drayage on deliveries out of customer's own stock, or otherwise.

6a. In the Southeastern States, which means the States of Virginia, Kentucky, Arkansas (except Fort Smith, Arkansas), and Texarkana, Texas-Arkansas), Louisiana (except Shreveport, Louisiana), and States south and east thereof inclusive, sales to the jobbing trade will be made for shipment within ten (10) days and when made for direct shipment from seller's plant to jobber's stock may be protected in price against the seller's own decline on distributor's undelivered balance for a period not to exceed eighteen (18) days from date of sale.

6b. In the Southwestern territory, which means the States of Oklahoma (including Fort Smith, Arkansas), Texas (including Shreveport, Louisiana, and Texarkana, Texas-Arkansas), Colorado, New Mexico, and Arizona, sales to the jobbing trade will be made for shipment within fifteen (15) days, and when made for direct shipment from seller's plant to jobber's stock may be protected in price against the seller's own decline on distributor's undelivered balance for a period not to exceed thirty (30) days from date of sale.

NOTE A.—In the Southeast and in the Southwest as defined above sales to jobbers for drop shipments to the retail trade are not to carry price protection, nor are sales for delivery out of manufacturer's stocks to carry price protection except at factory plants.

(c) In the northern territory—which means the States east of Montana, Wyoming, and Colorado, and north of Oklahoma, Arkansas, Kentucky, and Virginia—goods are to be sold without price protection. In this territory goods will be sold to distributors for shipments within fifteen (15) days from date of contract.

NOTE B.—It is recognized that National, State, and municipal agencies purchase on bids or contracts covering a longer period than thirty (30) days for delivery of goods.

(d) In the Western States, which are not mentioned in the territory described hereinabove, it is felt that conditions are not comparable or similar to conditions in the territory described herein, and therefore such western territory is not included.

The association is also endeavoring to have the oil-mill branch of the industry to agree upon a code of ethics.

It is claimed that the interstate association has no connection with and does not control the activities of the State associations. The various State organizations of this character are listed below, together with the name and address of the secretary:

Louisiana Cotton Seed Crushers Association, John W. Todd, New Orleans, La.  
Mississippi Cotton Seed Crushers Association, H. C. Forrester, Meridian, Miss.  
Oklahoma Cotton Seed Crushers Association, J. H. Johnston, Oklahoma City, Okla.

Arkansas Cotton Seed Crushers Association, P. F. Cleaver, Little Rock, Ark.  
Tennessee Cotton Seed Crushers Association, T. H. Baker, Memphis, Tenn.  
Texas Cotton Seed Crushers Association, George H. Bennett, Dallas, Tex.  
The Cotton Seed Crushers Association of Georgia, W. M. Hutchinson, Atlanta, Ga.

Alabama Cotton Seed Crushers Association, T. R. Cain, Montgomery, Ala.  
South Carolina Cotton Seed Crushers Association, Russell Acree, Columbia, S. C.  
North Carolina Cotton Seed Crushers Association, H. A. White, Greenville, N. C.

The files and records of all the above associations were examined by representatives of the commission. While each association performs the same general functions for its members, some are more active in the collection and dissemination of information with respect



to prices than others. The objects to be attained as stated in the constitutions of these various associations are practically the same. The Texas association is typical, Article II of its constitution reading as follows:

The objects of the association shall be:

First. To unite for fraternal and business purposes all cottonseed crushers, refiners, and persons engaged in allied interests, who are of good moral character and socially acceptable; to establish rules for the transaction of business between members; to encourage scientific management, the teaching of better methods pointing the way to manufacturing and selling economies, perfecting safety appliances for operatives, and increasing safety and comfort of employees, the reducing of fire risks, the working out of traffic problems and obtaining reparations for excessive freight charges; to maintain credit bureaus and limit credit risks; to cooperate in trade advertising; to improve technical processes and to standardize processes and products; to foster new markets at home and abroad, to simplify terms and instruments of credit; to protect trade and commerce from unjust and unlawful exactions; to settle differences and promote a more enlarged and friendly intercourse among its members and between its members and the business world; to promote and encourage discussion of economic principles and of questions affecting the industry, and in general to do such other and further lawful acts as may be found necessary and convenient, but the purposes of this association and the procedure which may be adopted in the accomplishment thereof, shall in no way conflict with any Federal or State statute or any other law enacted by and for the people of the United States of America.

Second. To establish and maintain a bureau of research economics and service.

Third. To establish and maintain a traffic bureau.

Fourth. To establish and maintain a brokerage bureau.

Fifth. To establish and maintain a chemical laboratory.

Sixth. To establish and maintain a bureau of uniform accounting practice.

Some of these associations join in holding their annual conventions, but these appear to have been primarily social gatherings. For example, in 1927 the Georgia, Alabama, North Carolina, and South Carolina associations held their convention in Asheville, N. C. Information regarding matters of common interest are exchanged by the secretaries of some of the associations. The several State associations also hold meetings at various times at which matters of common interest are discussed. At some of the meetings it is admitted that prices being paid for seed have been discussed, although it is denied that any agreement was reached.

The North Carolina and South Carolina associations collect from their members data respecting receipts and prices each week which is compiled and distributed to their members. The information secured by the North Carolina association is more complete, each mill being requested to furnish each week its receipts, the cost per ton f. o. b. stations, and the number of tons in transit. In the weekly report sent to members is also shown the receipts of each mill to date and the average cost per ton. Information of interest as to market conditions of cottonseed products is also sent each week to members, the following letter, dated February 1, 1926, being typical:

GREENVILLE, N. C., February 1, 1926.

DEAR SIRS:

Oil.—The market has been rather unsteady for the past few days; 9½ cents was bid for grade Saturday.

Meal.—Car lots of 7 per cent continued to sell at \$34 f. o. b. mills, although the demand was not quite so good. Considerable off-grade meal has been sold to fertilizer mixers in North Carolina through Memphis dealers at very low prices, but I understand prices for the off-colored meal have advanced somewhat in the past few days.

Hulls.—While most car-lot sales were made on a basis of \$7 loose, and \$10 sacked f. o. b. mills, I hear of the sale of a few round lots at figures below these prices. The mills making these sales were badly crowded for room.

Lint.—Three and one-fourth cents was bid for second cuts. First cuts ranged from 6 to 8 cents.

Seed.—In spite of the slow demand for products and lower bids for crude the market held at \$40 for car lots f. o. b. stations. One very large interest reduced its bid for \$38 during the early part of the week. Late receipts are in some cases showing exceedingly low oil content.

Yours very truly,

H. A. WHITE, Secretary and Treasurer.

Other of the State associations do not secure any data as to prices paid by their members and only transmit information of general interest to members at irregular intervals. While much of the information circulated relating to market and crop conditions is of a general character, some no doubt is circulated to influence members in the price which they pay for seed. Typical letters of this character are quoted below:

General cottonseed-oil information from Louisiana Cottonseed Crushers' Association, September 13, 1927

	New Orleans, cottonseed oil		New York, cottonseed oil		Chicago			
					Lard		Corn	
	Open	Close	Open	Close	Open	Close	Open	Close
January.....	1062	1062-67	1104-01	1085-94	1360	1355B	.....	.....
February.....	None.	1070-75	1105-15	1110	.....	.....	.....	.....
March.....	1080	1073-80	1120	1117	.....	.....	100-01	99½
April.....	.....	.....	1118-25	1120-25	.....	.....	.....	.....
May.....	1060B	1060-11	.....	.....	.....	.....	.....	.....
September.....	1035B	1038	1055	1060-11	.....	1312B	95½	95
October.....	1040	1038-40	1070-75	1065	1320	1316B	.....	.....
November.....	1045-50	1045-55	1090-11	1092-91	.....	.....	.....	.....
December.....	1050	.....	1105	1092-91	.....	.....	96	95½

Tone, New Orleans, steady; New York, firm. Sales, 41,900.

#### New Orleans quotations

Prime cottonseed, loose, carloads lots, delivered New Orleans.....	\$40.00
Prime cottonseed oil, immediate valley, f. o. b. mills.....	.00¾
Prime cottonseed cake, 43 per cent delivered ship side New Orleans.....	35.50-36.00
Prime 8 per cent meal delivered New Orleans.....	40.00-40.50
Prime hulls, loose, delivered New Orleans.....	7.00
Linters, mill run, delivered New Orleans.....	.05-.05½

#### Dallas quotations

Prime cottonseed, f. o. b. territory.....	35.00
Prime crude oil.....	.00
Prime 43 per cent meal.....	35.50
Prime hulls.....	6.00
Linters, average mill run.....	.03½-.05

#### Houston quotations

Prime cottonseed, delivered Houston.....	40.00
Oil.....	.00
Meal.....	Nominal
Hulls.....	6.00
Linters.....	.04-.04½
Slab cake.....	35.75

NEW ORLEANS, August 18, 1926.

## LOUISIANA COTTONSEED OIL MILLS.

DEAR SIRS: We understand that a few bales of cotton have been ginned and that the quality of the seed is very bad, that there is at least 20 per cent moisture in same. I advise the mills to be very cautious in taking these seed, as I will be some time before you will accumulate enough seed to commence crushing, and these seed will heat very quickly if not spread out over the floors. My information is that the extreme southern part of Texas seed are moving very freely and are coming to the mills about 38 per cent damaged. Houston is quoting \$30 delivered at Houston for prime sound seed. This means that there must not be over 10 per cent moisture and seed must not have been heated. The average freight rate from the lower part of Texas to Houston is \$7 per ton, which would look like \$23 f. o. b., but these mills are paying this on basis sound and are cutting the price for excess moisture and rotten seed. We think the mills should be very cautious in buying this kind of seed, as you have got to figure on all September oil.

We do not look for very much seed to move until after the 1st of September. We understand that the New Orleans Times Picayune is quoting \$20 delivered New Orleans for prime sound seed, but so far there is very little seed moving. Haven't heard of as much as a carload being gathered at any single point in the State.

Yours truly,

JOHN W. TODD.

Secretary-Treasurer Louisiana Cottonseed Crushers' Association.

NEW ORLEANS, LA., August 23, 1926.

## LOUISIANA COTTONSEED OIL MILLS.

DEAR SIRS: The crushing season 1926-27 is on us. New seed are beginning to move, especially in southern Louisiana, and within the next two weeks will be moving in a spurring way all over the State.

It is to be supposed that you have completed the following preparations for this season's run:

First: That you have completed all of your repairs and lined up your shaftings and put on your belts.

Second: That you have provided an adequate supply of fuel, press cloth, lubricating oil, bags, bagging, and ties.

Third: That you have had your truck and wagon scales tested and adjusted. I would suggest that you be very cautious about buying the first seed. Today Lake Charles is asking for quotations on two cars of seed. This seed, of course, does not only contain 20 per cent moisture, but may be damaged also. If you were to buy a lot that cost four or five hundred dollars you would have an attorney look up the title. You are now commencing to buy a large number of lots (cars of cottonseed) for which you pay four or five hundred dollars each, and to a certain extent, without protecting yourself, as you can well do, you are buying a cat in a bag. I know of a number of mills that have every car of seed analyzed. Mills pursuing this policy have a big advantage over those who do not do so. These mills, having all seed analyzed, know exactly where the good seed are and the value of seed from different points. This in itself is an advantage, and at the same time it tells them of the product content of seed from each locality.

I therefore will state that if I were running an oil mill I would have every car of seed that I bought analyzed. The money is well invested, and I would say to my customers that I was buying on the basis of prime sound seed, paying full prices only for what they ship. I do not think that I would be in any great hurry to buy this first seed, and prices that are quoted to-day by the New Orleans Cotton Exchange—\$29 delivered—to my mind is a full price, if not excessive. I am simply throwing out these suggestions for your consideration, and you may use them or leave them, as you see fit, but, in my judgment, it is good, sound, and logical advice.

Yours truly,

JOHN W. TODD.

Reports as to seed received and purchased are made by the Georgia mills, which are compiled and circulated by the secretary of the

association. The following indicates the nature of the information circulated:

ATLANTA, GA., February 18, 1927.

## Estimate for Georgia—12

A. Georgia proper, received through Feb. 15.....	1926-27
B. Outside, received through Feb. 15.....	426,300
C. Total received through Feb. 15.....	563,900
D. Georgia proper, purchased, not received Feb. 15.....	14,700
E. Outside, purchased, not received Feb. 15.....	7,200
F. Total purchased, not received Feb. 15.....	21,900

Comparative figures for 1925-26 not available as of this date.

G. Georgia proper, total purchased through Feb. 15.....	1926-27
H. Outside, total purchased through Feb. 15.....	441,000
I. Grand total purchases through Feb. 15 <sup>1</sup> .....	584,900

Will make comparison as of the first.

J. Georgia crush (total, including outside).....	1926-27
K. To buy after Feb. 15.....	55,100
L. Ginned season through Feb. 15.....	1,480,000
M. Total crop.....	1,500,000

W. M. HUTCHINSON, Secretary.

While no reports as to prices are made by the Georgia mills, the secretary occasionally transmits information to members as to prices being paid which he thinks may be of interest. This is shown by the following telegram, which was sent to all members of that association:

AUGUST 30, 1927.

Understand applauding (\$18) paid kago (prime cottonseed) cars.

W. M. HUTCHINSON.

The secretary of the Arkansas association does not collect any data with respect to prices, but advises the members as to crop and market conditions. The following letters sent out by the secretary are illustrative of this fact:

SEPTEMBER 10, 1926.

## To all Arkansas mills:

With cool, fair weather in sight, ginning will doubtless be heavy during the coming week, and we may look for consequent movement in volume of seed to the mills. Six or seven plants got under way this week, not because they had accumulated stocks of seed to justify operation but on account of the quality, which would not permit storage with safety for even a week.

Grading.—The cottonseed quotations on the Little Rock Cotton Exchange read "f. o. b. Arkansas stations basis prime," and this means the seed are subject to dockage for excess moisture as well as for damaged seed and excess dirt and trash. There is only one safe way to buy cottonseed under any and all conditions, and that is by the application of the interstate rules, strictly, and to all alike. If any doubt existed before it should have been settled last season. The suggestion is made for the sake of uniformity, that a sample from each car be sent to your chemist for grading and valuation, furnishing him with the delivered price at your mill. A copy of this analysis should be attached to account sales. The same method should be followed in purchases of car lots or round

<sup>1</sup> Purchases for period (2 weeks), 32,100.



lots delivered mill by wagon or truck, by securing a representative sample out of the lot purchased.

**Markets.**—Buyers are bidding 9½ cents for September oil but have withdrawn offers for advanced delivery. Forty-three per cent meal, Little Rock basis, \$8.50, and market easy. Round lot hulls for future delivery recently brought \$1.50, but buyers have reduced their offers to \$3.50 to \$3. Mill-run lint 100-pound cut nominal at 3 cents.

**Seed.**—With the present bearish outlook in all product markets, it would be an unwise policy to stock up on seed at current prices.

T. F. CLEAVER, Secretary.

SEPTEMBER 22, 1926.

To all Arkansas mills:

It may be timely to again warn the mills against stocking up on seed at present levels. If the weather continues fair there will be an extremely heavy movement by the 1st of October. Such a movement is already occurring in other States and in some sections of Arkansas.

Take time to analyze the figures shown below. They are based on the Little Rock market for the first half of October shipment. In the item of oil, sales have already been made at the figure shown, and the yield used is excessive for many portions of the State. On meal, the price shown is the actual quotation on 43 per cent from the dealers. On hulls, no sales have been made at \$3 as far as known, but round-lot sales are impossible at over that price. Hulls are selling in Texas at \$2.75. The quotation on linters is based on the actual market for a 90-pound cut, mill run.

If the Government to-morrow estimates a crop of over 15,000,000 bales, lower markets on oil, meal, and linters are almost sure to follow.

300 pounds oil, at 8½ cents.....	\$25.12
350 pounds meal, at \$26.50.....	11.26
25 pounds of hulls, at \$3.....	.94
100 pounds lint, at 3 cents.....	3.00
25 pounds waste.....	
1,000 pounds.....	40.32
Less:	
Working cost.....	\$10.00
Freight.....	2.32
	12.32

Price quoted f. o. b. Arkansas stations, base prime, by L. R. Cotton Exchange..... 28.00

Yours very truly,

T. F. CLEAVER, Secretary.

Information of the same character is furnished the members of the Alabama association by its secretary, as will be noted from the following:

AUGUST 13, 1926.

DEAR SIR: High moisture is showing up in the early seed. Several samples of the first ginning by test contained 23 per cent, 24 per cent, 27 per cent, and one sample showed 30 per cent moisture content. The average is around 25 per cent moisture.

With the continued almost daily showers this high moisture will no doubt continue excessive, and it will require real expert handling of the seed by the mills to prevent running rapidly into a bad situation with hot and damaged seed.

In the southern part of the State where ginning has already started the actual price paid for wagon and gin seed was \$35 per ton and the carload price \$28 per ton f. o. b. cars, station.

Do not get so busy that you unexpectedly pile up a lot of these high-moisture seed and thus start trouble and loss that will last indefinitely.

The market for products which continues weak and inactive does not authorize a higher figure than above price for seed; in fact, it will take very careful operations to more than break even on this price for seed in their present condition.

Yours very truly,

T. R. CAIN, Secretary.

SEPTEMBER 22, 1926.

DEAR SIR: Product values continue to decline; disappointing consumption reports and estimates of increased production do not indicate any better feeling on the part of buyers and consumers.

October views on oil have about reached 8 cents, with reclamations equaling \$1 to \$2 per ton of seed. Seven per cent meal is dragging at \$24 (common points, 8 per cent meal, \$25.75, southern routing, \$27 northern routing). Lint on production of 100 pounds mill-run or otherwise, will not average over 3 cents. Hulls are top heavy at \$6.

The following calculation will vary according to differences in yields, etc., but represent approximately an average of the situation to-day:

Oil, 300 pounds, at 8 cents.....	\$24.00
Meal, 8 per cent, 900 pounds, at \$27.....	12.15
Lint, 100 pounds, at 3 cents.....	3.00
Hulls, 600 pounds, at \$6.....	1.80
Manufacturing loss, 100 pounds.....	40.95
Reclamation on oil.....	\$1.00
Freight.....	2.45
Working cost.....	10.00
	13.45

Raw material..... 27.50

This figures \$27 to \$27.50 f. o. b. station as full value for seed on a break-even basis to the mills.

There can be no purpose for sending such disappointing information except that the facts may be food for thought.

Understand that the Texas market is \$20 to \$22 for wagon and gin seed.

Report has just been received on the situation in the storm area in south Alabama. About 50 per cent of the open cotton is on the ground, and the balance is twisted around the stalk and limbs. The seed on the ground are already sprouting, and if the showers continue a new growing cotton crop will soon be in the fields. This is something further to be thinking about, as the situation will have to be met and taken care of right away. President Bryson has made personal inspection, and the observations as reported are not over-drawn.

Your suggestions and advice will be very much appreciated.

Yours very truly,

T. R. CAIN, Secretary.

Copies of the circular letters issued by the various State associations, in addition to being sent to members, are also usually sent to the secretaries of the other associations. There is no evidence that this information is of sufficient interest to the mills in other States for the secretary to transmit such information to them. In 1926, however, there was apparently an effort in the southeastern group to adopt uniform rules regarding certain trade practices. On January 13, 1926, F. N. Bridgers, of the Farmers Cotton Oil Co., Wilson, N. C., and also an official of the Interstate Cotton Seed Crushers' Associations, wrote the secretary of the Georgia association the following letter:

WILSON, N. C., January 13, 1926.

MR. WILLIAM HUTCHISON,  
Cotton Seed Crushers' Association, Atlanta, Ga.

DEAR HUTCH: Following up our conversation of last night, I immediately got in touch with Herbert White on the phone. While we are with you 100 per cent on perfecting any plan of coordination of the crushers in the East, just at this time most of our operators are unusually busy preparing for fertilizer business, and we hardly think we would be able to induce any of them to attend your meeting Friday morning.

Your plan as outlined to me is excellent. There is no reason why the crushers should not work along lines mutually profitable. It is detrimental to the industry to pursue unethical methods, as not only the mill that is trying to conduct

an honest profitable business is damaged but producers of our raw materials are thrown into a turmoil and do not know what it is all about and in the wind-up suffer along with all the rest of us.

We must conduct our business on an honest, upright, secure basis whether dealing with the producer of our raw material or with our fellow coworkers and all competitors in the crushing business. It does not pay to take short cuts, nor does it pay to try to put something over on the other fellow, because those things do not go in this day of up-to-date business dealings. The other fellow is just as smart, and we need not think that we can force the other fellow to do anything, because this is an age of free speech and a free country to do almost as you please, and one concern is about as well operated financially and otherwise to protect themselves and have learned not to be foolish and never to allow the other fellow to put them out of business and so we might as well be good fellows and give and take and treat the other fellow as we would have him treat us.

Would be glad if you would let me have report of the results of your meeting, and I think it would be the idea of our association to meet in joint meeting with the South Carolina association and any others who might be interested a little later to discuss these matters that are so vital in the conduct of our business generally. As I told you last night you may count on the North Carolina Crushers to cooperate 100 per cent. We have been doing just the thing that you are now attempting to put over, and it has worked out mighty well for our association.

Yours very truly,

F. N. BRIDGES.

The above would indicate that the plan had been adopted by the North Carolina association. On January 15, 1926, the meeting referred to in the letter was held, at which this matter was considered. This meeting was attended by cotton-oil mill representatives from Georgia, Alabama, and South Carolina. The rules considered were practically the same as those adopted by the Alabama association, which are as follows:

TRADING RULES GOVERNING THE BUYING AND SELLING OF COTTONSEED EFFECTIVE  
SEASON 1926-27

Rule

1. There are two classes of seed shippers, known respectively as class 1 and class 2.
2. Class 1 is a shipper who buys and ships cottonseed on his own account, furnishing the necessary capital and facilities.
3. Class 2 is a shipper who buys, under a written contract, and ships cottonseed to a mill for a fixed compensation, and who is furnished by the mill with the necessary funds, houses and scales with which to carry on business, and who buys and sells under the direction of the mill.
4. Compensation to be paid class 2 shipper is a commission of \$2 per ton of seed shipped, plus actual loading charges, said cost of loading not to exceed 50 cents per ton of seed and to be allowed only when seed are loaded from buyer's seed house at station, and in the event of loss in weight an allowance of not exceeding 1 per cent of weight of seed as weighed into mill. Or in lieu thereof a total commission of \$3 per ton, which shall include all cost of loading, hauling, allowance for loss in weight and all other expenses. Salaried buyers are to be allowed not exceeding 50 cents per ton loading charge and then only when seed are loaded from buyer's seed house at station, nor more than 1 per cent loss in weight, if any. No money is to be advanced to any buyer except when he buys under the direction of the mill and reports the seed daily as bought. However, money may be advanced to ginners, under written contract, only for the purpose of buying, bagging, and ties, fuel and repairs for gineries. On all new loans on gins mortgage shall be taken on gin or other security and a daily reporting commission contract made with borrower. The loans shall not exceed a fair value of the property. Nobody shall be paid a salary or commission unless there is a real and tangible services rendered therefor.

5. F. o. b. car seed is defined as being 20 tons or more. All cottonseed sold in less than 20-ton lots shall be paid for at \$3 per ton less than f. o. b. car price. Settlement for f. o. b. car seed shall be made on actual mill weights ascertained over the scales at the mill. In order for wagon seed to be paid for at the carload price a delivery of 20 tons or more must be made within a period of 10 days. All cottonseed bought in carload lots are to be loaded by the seller, shipped in the seller's name, and remittance made direct to the seller by the mill on the basis of millweights at destination.
6. In case a shipper of class 3 furnishes houses and scales, compensation for same shall be for houses not more per annum than 6 cents per square foot of floor space used, and for scales not more than \$10 for each set of scales. This rule will also apply in case a mill rents houses and scales to shippers.
7. The brokerage for buying seed in car lots is 50 cents per ton of seed and shall be paid to no one except a local commission buyer under contract (rule 3, class 2 shipper). Cottonseed bought in carload lots through such buyers are to be loaded by the seller, shipped in the seller's name, and remittance made direct to the seller by the mill on basis of mill weights at destination, and in no case shall the brokerage be paid to the seller of the seed.
8. All seed shall be bought on the basis of sound, dry, and unadulterated seed. Grading rules of the Interstate Cotton Seed Crushers Association to form basis of grading and deductions made in accordance therewith. Foreign matter shall be ascertained by either separating the trash and sand from the seed or ascertaining the percentage from a fair average sample to be used as the basis of settlement. Housis and grain doors are to be considered a part of the tare weight of the car.
9. Loans and/or advances shall not be made to so-called f. o. b. contract shippers wherein it is agreed by the mill to furnish cash for the purchase of seed in consideration of the preference on such seed; nor shall any advances be made to f. o. b. shippers unless a definite contract of purchase is made covering the sale of enough seed then on hand to cover the advance. Mills may pay 75 per cent against B/L for seed, and all sales of merchandise to shippers should be on the same terms as to other merchandise customers.
10. No mill shall engage in the storing of seed for customers at any point.
11. Seed shall not be bought at a stated price and later settled for at a higher price.
12. Options for future purchase or sale of seed for future delivery shall neither be taken nor given.
13. Seed shall not be purchased from any seller unless the seller has the seed on hand at the time of sale and for prompt shipment.
14. Contracts for the purchase of cottonseed, whether oral or written, shall be for a definite tonnage and time of shipment—a variation of 10 per cent permissible—and any excess or shortage beyond 10 per cent shall be settled for at the market on date of shipment.

It will be noted that rule 4 provides for a uniform rate to be paid shippers who buy seed on commission and that rule 12 provides for the discontinuance of future option contracts, the general adoption of which might tend to make prices paid for seed uniform. That these rules were also adopted by the Georgia association is indicated by the following correspondence between the secretaries of the Georgia and North Carolina associations. The letters are quoted below:

GREENVILLE, N. C., August 31, 1926.

Mr. W. M. HUTCHINSON,  
Secretary, Atlanta, Ga.

MY DEAR HUTCH: I received yours of the 27th, inclosing copy of Trade Rules applying to cottonseed, for which please accept thanks. Same is certainly gotten up in a very attractive form, and I want to congratulate you.

With reference to the number we can use in North Carolina, beg to say that we are having our usual preseason meeting in Norfolk on September 10, and

I can let you know after that time just how many we will use. In the meantime, I wish you would arrange to have 100 copies sent to me for use at the above-mentioned meeting. Please see that they come forward at once so I will have them in hand in time.

I would also appreciate a letter from you telling me of the outlook in your State, and what seed and products are bringing at this time.

With assurances of my high esteem, and best wishes, I remain,

Yours very truly,

H. A. WHITE,  
Secretary and Treasurer.

SEPTEMBER 2, 1926.

Mr. H. A. WHITE,

Secretary, Greenville, N. C.

DEAR HERBERT: Yours of the 31st ultimo.

I am sending you, under separate cover, about 100 copies of the Trade Rules. I am having the type held and can supply you with any number of copies desired, after your meeting.

The season opened in Georgia early in August fast and furious. The usual anxiety to start up prevailed. Thirty dollars to wagons, \$33 to cars, prevailed generally until the almost continuous rains made the quality so bad and treacherous that I have heard the mills reduced, about August 20, to \$27 to \$30. I have also heard that this market has been a little ragged, but it seems now that most of the south Georgia mills are operating (mostly on wet and damaged seed) the situation is more quiet.

I understand that meal is selling \$24 to \$26, \$24 being damaged; hulls, \$5 to \$8 loose, and not very good prospects for hulls on account of the unusually fine pasturage and general forage crops.

The average estimate for Georgia of a great many of our mills is about 1,000,000, against 1,192,000 last year. Personally, I feel that our crops will not exceed 1,000,000.

Wishing for you your usual successful conference, and imploring your prayers and sympathy for this State, where the situation is so complex, I am,

Sincerely yours,

W. M. HUTCHINSON, Secretary.

Although the secretary of the Georgia association admits that copies of the proposed rules were printed and distributed, he states that the rules were not made effective. In this connection Mr. Hutchinson said:

Those present and others were given copies of the suggested list of trade practices. However, as far as I am aware, no association action was ever taken, and I do not think the suggested trading rules were ever made effective because the bad practices then under consideration have, in my opinion, been as prevalent since the date of that meeting as they were before.

The only concrete evidence of any direct cooperative action on the part of the crushers or of the associations composed of members of the oil-mill industry was an effort in 1926 to curtail the production of linters by confining the cut to about 60 pounds per ton for the purpose of enhancing the market value. It appears that the movement started with Woodall & Pendleton, brokers, of Dallas, Tex., who, under date of October 4, 1926, sent a postal card to the mills in Oklahoma and Texas asking them the following questions:

1. Do you believe it wise to reduce the cut of linters until it meets the demand, and will you cooperate with other mills in such an effort?
2. Do you consider it worth while to attempt any cooperative effort in reducing the production of linters to meet the demand?

Many favorable replies were received to this questionnaire, the following from the Chickasha Cotton Oil Mills being representative:

CHICKASHA, OKLA., October 7, 1926.

Mr. FRED PENDLETON,

Care of Woodall & Pendleton, Dallas, Tex.

DEAR SIR: Mr. Wootton has given to me for reply your circular letter of October 4 so far as the linter situation is concerned.

We are not cutting at any of our mills over 80 pounds of lint, and may have to reduce this cut. We really believe that any movement toward the reduction of the cut of lint would do more harm than there would be a possibility of it doing some good. You no doubt have had some experience with the way the mattress association gets their members to hold off buying in order to beat the market down, and the oil mill should do something to do the market up if possible.

I will be glad to hear what is contemplated.

With regards from the writer, we are,

Yours truly,

CHICKASHA COTTON OIL CO.,  
LINTER DEPARTMENT,  
By H. M. SCOTT.

Woodall & Pendleton also took the matter up with the secretary of the Louisiana Cotton Seed Crushers' Association, who in turn requested the advice of its members, as is shown by the following circular letter dated October 12, 1926:

NEW ORLEANS, LA., October 12, 1926.

LOUISIANA COTTONSEED OIL MILLS.

DEAR SIR: I am in receipt of a letter from Mr. Ed. Woodall, of Woodall & Pendleton, suggesting that the mills reduce the production of linters down to, say, not over 60 pounds to the ton. Some of our mills are not cutting over that, but some of them are cutting as much as 100 pounds to the ton. If this movement should be made general it would have a tendency to hold up the price of linters, as no doubt with the big crop of seed that is coming on the market linters are going to be like bulls—hard to sell at any price. If this movement looks like it is going to amount to anything, would you agree not to produce over 60 pounds of linters to the ton? If so, kindly advise me and I will place Louisiana in the class of cutting their linter production to 60 pounds to the ton. Please let me have your reply to this at once, and oblige,

Yours very truly,

JOHN W. TODD,  
Secretary-Treasurer Louisiana Cotton Seed Crushers' Association.  
No markets to-day on account of it being Columbus Day.

The following are typical of the replies received:

We are making 60-pound cut of lint, and will probably continue to do so.  
MIDEN COTTON OIL & ICE CO. (LTD.).

We are only cutting around 60 pounds, and will continue same.

OPELOUSAS COTTON OIL MILL.  
By J. P. BARNETT.

Southland Cotton Oil Co.: Mr. D. M. Weir advised Mr. Todd by telephone that he would agree to cut his linter production.

DEAR SIR: Yours of the 12th regarding production of linters, and we are perfectly willing to reduce our production to not over 60 pounds per ton, mill run lint, provided other mills do likewise. We think, probably, this 60-pound production could be sold for as much as a greater production, provided all mills do this.

Yours truly,

J. E. BYRAM,  
Red River Cotton Oil Co.

On October 9, 1926, the following telegram was sent to the secretaries of the various State associations:

DALLAS, TEX., October 9, 1926.  
 RUSSELL ACRE, Jr.,  
 Secretary South Carolina Cotton Seed Crushers' Association:  
 From information received Texas and Oklahoma mills will cooperate in south-  
 west reduced linter production. Will the mills of your State cooperate and  
 will you join a movement this kind? Joint details to be worked out by joint  
 representation each State, and will you help?

WOODALL & PENDLETON.

The following are indicative of the replies to this telegram:

GREENVILLE, N. C., October 11, 1926.

WOODALL & PENDLETON,  
 Dallas, Tex.:

Your wire. Large movement North Carolina mills has already reduced cut in  
 effort to make better quality. Think others will follow.

H. A. WHITE,  
 Secretary North Carolina Cotton Seed Crushers Association.

COLUMBIA, S. C., October 15, 1926.

WOODALL & PENDLETON,  
 Dallas, Tex.:

Appreciate your wires and letters. Except to be in Memphis Tuesday and  
 hope to see both of you at that time. Interstate stands ready to join in any  
 program which it can legally do.

CHRISTIE BENET,  
 General Counsel, Interstate Cotton Seed Crushers Association.

ATLANTA GA., October 12, 1926.

WOODALL & PENDLETON,  
 Dallas, Tex.:

Important develop cooperative action in reducing lint cut as sentiment pre-  
 vails. Matter will solve itself in due course. Will be Montgomery meeting  
 Wednesday. May be something develop there.

W. M. HUTCHINSON,  
 Secretary, Cotton Seed Crushers Association of Georgia.

LITTLE ROCK, ARK., October 9, 1926.

WOODALL & PENDLETON,  
 Dallas, Tex.:

Answering and taking matter up with executive committee and if approved  
 by them will call meeting of association in order to reach definite conclusion.  
 Believe you are along right track and will be glad to help every way possible.  
 Think disposition of excess hulls should be considered at same conference.

P. F. CLEAVER,  
 Secretary Arkansas Cotton Seed Crushers Association.

The matter was also taken up with the Alabama association by  
 letter. The following is a copy of a letter from Woodall & Pendleton  
 to T. R. Cain, secretary of the Alabama Cotton Seed Crushers Asso-  
 ciation, being dated October 12, 1926:

OCTOBER 12, 1926.

MR. T. R. CAIN,  
 Alabama Cotton Seed Crushers Association,  
 Montgomery, Ala.

DEAR MR. CAIN: We are more than sorry that it will be impossible for  
 either of us to attend the meeting at Montgomery on the 13th, but some

things of a personal nature have come up since we wired you Saturday that  
 make it impossible.

We sent you a copy of a letter addressed to Mr. Gregory, of the National  
 Cotton Seed Products Corporation at Memphis, that gives you the idea we  
 have in mind on linters, the one commodity that the oil mills produce in which  
 they can limit production to demand.

We sent out a letter to the oil mills of Texas and Oklahoma recently and  
 inclosed in that letter a questionnaire on the advisability of a general move-  
 ment among all oil mills in the South to reduce the linter cut. We have about  
 100 replies and all are favorable. While equally as many more did not reply  
 we happen to know the sentiment of many of these and we know we are safe  
 in saying that 90 per cent of the mills in both Texas and Oklahoma will put it  
 on any reasonable basis that can be worked out.

The writer feels that on at least this one very simple question we should act  
 more intelligently than do the tenant farmers of the South in planting such  
 an amount of cotton as to cause it to sell below the cost of production.

We suggest that the oil mills of each State appoint a committee to meet in,  
 say, Memphis—as it is central for us all—and we suggest not later than  
 Wednesday, October 20, to formulate a plan of cooperation. When this is done  
 take it back to each of our respective States and get our mills to put in on it.

Many mills in Texas have already reduced their cuts 33 1/2 per cent under last  
 year, but we are almost without a market for any grade at the present time.  
 We are sure that if we will put into effect a program of this kind for 30 days  
 buyers will change their attitude. Seventy per cent of an ordinary cut will sell  
 for 40 per cent more than such normal cut with the present large prospects of  
 production.

As to our other products, of course, none of them are selling at their relative  
 value. Meal and cake prices especially are unreasonably low.

In Texas we are developing an advertising program which we hope will  
 produce good results in the future. It involves school book covers carrying  
 many balanced rations in which cottonseed meal is used. These book covers  
 will be used by the school children in practically every rural school in Texas.

It also involves a standard brand of cottonseed cake and meal of guaranteed  
 quality, not only by the mill that produces it, but also guaranteed by the  
 Texas Cottonseed Crushers Association, which owns the copyrighted brand, and  
 in a way licenses each mill that uses it. We are also using various other forms  
 of advertising like the inclosed, which is used by three of the writer's own  
 mills.

As far as oil is concerned, it is relatively too cheap, but we know of nothing  
 we can do about it. As oil mills, it is better for us as it is, even though it may  
 be bad for the farmer. When a large part of the edible surplus has been  
 used for soap and in view of a sure reduction in the cotton acreage next year,  
 we believe at least 25 per cent, oil will probably go higher later in the season.

The average crude oil mill is without facilities for refining and storing oil,  
 and therefore cannot carry oil over long periods of time. With a large pro-  
 duction in prospect, buyers can wait until the price is satisfactory, or let the  
 crude mills carry it.

We might aid the price of cake and meal by holding some of it, or at least  
 quit dumping, as we have been doing in Texas. In many sections in Texas  
 the ginners are now ginning for the seed. Under such conditions it would  
 seem prices must be low enough.

Please advise us fully of the results of your meeting and if you agree on  
 the wisdom of a general meeting of representatives from each State to formulate  
 a definite plan of action. In such event we suggest you call the meeting and  
 as above stated, we will see that Texas and Oklahoma are represented.

Very truly yours,

WOODALL & PENDLETON.  
 ED WOODALL.

As a result of the wire of October 9 from Woodall & Pendleton, the  
 Alabama association called a meeting for October 13, inviting repre-  
 sentatives and members of the Georgia and Mississippi associations.  
 The following telegram was sent to the Secretary of the Georgia  
 association in which is stated the purpose of the meeting:

MONTGOMERY, ALA., October 9, 1926.

W. M. HUTCHINSON,

Atlanta Trust Co. Building, Atlanta, Ga.

There will be a conference held in Montgomery October 13, 10 o'clock, Exchange Hotel, oil mill representatives Alabama, Georgia, Mississippi, with refiners, dealers in cottonseed products, and linters buyers to discuss present conditions and endeavor to check demoralization in marketing as well as milling methods, production, etc. We urge your attendance as being important to success of conference. May we expect you?

ALABAMA COTTON SEED CRUSHERS ASSOCIATION.  
T. R. CAIN, Secretary.

This meeting was attended by representatives of the oil industry from the three States above mentioned at which the following resolution was adopted:

Whereas there now exists in the South a hysteria resulting in the loss of confidence in the values of cotton and cottonseed; and

Whereas the interests of the cotton farmer and the oil mills are identical, each dependent upon the other; and

Whereas there is now assembled at Montgomery, Ala., men from Georgia, Alabama, Mississippi, and Tennessee, representing the oil mills and its allied industries, who have given careful thought and consideration to the disaster resulting from the present low price of cottonseed, with the following conclusions:

That the entire oil mill industry, together with representatives of all farm organizations from every State and every part of the country be called upon to meet at Memphis, Tenn., on Tuesday, October 19, 1926, to consider and adopt the following plan of stabilization:

First, That each and every mill buy and hold at least 2,000 tons of cottonseed, by which a total of 1,200,000 tons will be carried by them, and which will have the effect of withholding from the market 300,000,000 pounds of oil, 480,000 tons of meal, 300,000 tons of hulls, and 240,000 hales of linters, such oil, meal, hulls, and linters to be sold in an orderly way when and as needed.

Second, That the production of linters per ton of seed be greatly reduced so that the amount manufactured will not exceed the expected consumption.

Third, That, in our opinion, cottonseed at the present price is an investment and not a speculation, and that if sold in an orderly way a market for all its products will be found at a fair price.

Fourth, That the Shipping Board be requested to cancel its recent advance in ocean rates and to assign ample steamers to southern ports and thus assist in distributing the crop.

Fifth, That farmers be urged to buy only such fertilizers and feeds as contain cottonseed meal and thus create a market for their own product rather than sending millions of dollars to foreign countries.

Sixth, That the refiners and compound manufacturers be urged to restore the price of crude cottonseed oil to parity with competing fats.

Seventh, That the purpose and intent of this meeting to be called is to secure the cooperative effort on the part of all interested to the end that cottonseed and its products may sell at a fair value.

T. J. KIDD,  
S. J. CASSELS,  
HUGH HUMPHREYS,  
G. W. COVINGTON,  
H. O. LOVORN,  
The Committee.

This meeting was followed by a meeting at Memphis, Tenn., on October 19, 1926, at which were present representatives of practically all of the State associations. The following resolutions were adopted at this meeting:

#### RESOLUTIONS ADOPTED AT MEMPHIS CONFERENCE OCTOBER 19, 1926

The vital object to be secured is the orderly marketing of cottonseed and its products. To this end the following is suggested to farmers, ginners, oil mills, jobbers and brokers, and refiners of oil and makers of lard:

To the farmers: Your cottonseed is selling at \$5 less per ton than it would bring if marketed in an orderly manner. Store what you can and sell gradually. Buy meal for feed and fertilizer. Buy shortening made from cottonseed oil.

To ginners and seed buyers: Stop offering (to sell short) and selling short. Your actions are depressing the market. Spread optimism and confidence in orderly marketing.

To oil mills: Stop short selling. Sell only as your products are produced. If marketed in an orderly way, we believe crude oil should bring not less than 8 cents a pound, meal \$25 a ton, and 60-pound total cut of linters 5 cents a pound.

To refiners and lard makers: With shortening made from cottonseed oil selling at 4 cents per pound less than hog lard, the demand should increase, thereby justifying a higher price for cottonseed oil.

To brokers and jobbers: Accept these recommendations in a spirit of optimism and spread confidence. Encourage the orderly marketing of all cottonseed products.

A further measure, introduced from the floor, was adopted, recommending that oil mills "reduce the average cut of linters to a maximum of 60 pounds per ton of seed as far as it is practical to do so."

As a condition precedent to putting into effect the plan it was agreed that the representatives from the various States should submit the resolutions to their members for approval and report back at a meeting to be held at Memphis, Tenn., on October 26, 1926. The resolutions were formally adopted by the Alabama, Mississippi, and Louisiana associations. At the meeting on October 26 the resolutions were modified to some extent, it being apparent that the legality of the plan had been questioned by some of those interested. An account of the Memphis meeting was published in the official publication of the interstate association, The Cotton Oil Press (November, 1926). The article in which appears the resolutions finally adopted is given below:

#### FINAL MEETING AT MEMPHIS, OCTOBER 26

In compliance with the special resolution adopted at the Memphis conference, October 19, as above, meetings of a number of State organizations of crushers were held during the "next few days," and gave careful consideration to the resolutions adopted at the conference. It was impossible for various reasons for some of the State groups to hold meetings, but representatives from six States foregathered at the Vesbudy Hotel in Memphis on October 26, the date set by the resolution of the conference of October 19, to receive reports from the State meetings and further consider the subject generally. Texas and Louisiana did not send delegates but reported by letter and wire a general indorsement of the conference resolutions. Alabama and Mississippi were also in accord.

From the Carolinas and Georgia, however, delegates reported that the conference resolutions, especially the one counseling farmers to store what seed they could and sell gradually, had a disastrous effect in those Southeastern States, where entirely different conditions existed from the conditions in the valley and the West. There had been only a normal movement of seed. Publication of the resolutions in the daily papers there, with misleading headlines, giving the impression that cottonseed everywhere were worth \$5 a ton more than the market price, and that by holding for a time the price would advance, was a serious set back to the southeastern mills. It was good medicine for the sick trade in the valley, but a bitter and harmful dose for trade in normal health.

With reports from all sections before them, the comparatively small group of representative oil mill men who met in Memphis on October 26, appreciated the responsibility that had been placed upon them. They carefully considered every important phase of the situation. T. R. Cain, of Montgomery, Ala., was elected chairman and Louis N. Geldert secretary. Those who counseled together were P. F. Cleaver, of Little Rock; T. H. Baker, C. C. Clarke, E. Rice,

W. L. Gregory, I. H. Fleming, and Hugh Humphreys of Memphis; Russel Acree and J. J. Lawton of South Carolina; George W. Covington, of Mississippi; P. J. McCurley, of Atlanta.

After an all-day session the meeting unanimously agreed upon the following report to the industry at large:

REPORT AND RESOLUTIONS ADOPTED AT MEETING OF AUTHORIZED DELEGATES FROM EIGHT STATES AT MEMPHIS, TENN., OCTOBER 26

Representatives of the oil-mill industry from various States met to-day and reported the general approval of orderly marketing of cottonseed products, of an aggressive campaign to promote the use of cottonseed meal as a feed and a fertilizer, and of shortening made from cottonseed oil, of a production of linters as to grade and quantity such as the trade will consume.

That an investigation be made through the United States Department of Commerce and United States Shipping Board to ascertain the number of vessels available and what action is being taken to prevent the ruinous advance in ocean freight, which if continued will stop the exportation of cottonseed products.

It is recommended to each State organization that they request the farm organization of their State to join with them in protesting the recommendation of the use of foreign fertilizers by State colleges and farm bureaus, to the exclusion of cottonseed meal.

Also that State organizations of crushers canvass the fertilizer and mixed-feed manufacturers to ascertain the prospective use of cottonseed meal.

Also that the State secretaries communicate with all grocery jobbers and packer agencies to ascertain the prospective use of shortening made from cottonseed oil.

Also that the State secretaries canvass the linter dealers, mattress factories, etc., to ascertain the prospective demand and quality of linters wanted.

The necessity of the above recommendations is proven by the following resolutions that were unanimously adopted:

*Resolved*, That in view of the fact that the Government is taking a great deal of interest in trying to help the cotton grower, we feel it to be the duty of the cottonseed crushers of the South to cooperate in the work in any way they can, and if the oil mills continue cutting lint at the present rate they will unquestionably produce 1,250,000 bales of linters, a large portion of which will have to be stored in public warehouses, which at the present time are congested. If this production could be cut down to 750,000 bales the farmers would certainly have storage space for 500,000 more bales of cotton than they would have if the mills produce 1,250,000 bales. The ability of the Government and banks to finance this year's cotton crop is going to depend on warehouse facilities.

Under present conditions both first and second cut lint is being made, and, on account of the high quality of the first cut now being produced, it is in direct competition with cotton, while a medium grade of mill-run linters would not come into competition with cotton. This suggested reduction by almost half the quantity that would be normally produced from the season's seed crop is possible only by united action of all oil mills.

Realizing that this can not be done without the full consent, sanction, and cooperation of the United States Government, we recommend that Hon. Christie Benet, general counsel of the Interstate Cotton Seed Crushers' Association, go to Washington, along with five oil-mill men of his own selection, for the purpose of discussing this linter question with the Government officials as outlined above.

"We believe it to be to the interest of the cotton farmer and to the country as a whole that attention of the farmers in particular should be drawn to the fact that cottonseed meal is the lowest-priced ammoniate for fertilizer and likewise the lowest-priced and best concentrate for feed in the world. Despite these proven facts, some of our Southern States' experiment stations are openly advocating use of nitrate of soda to the exclusion of cottonseed meal, thus sending out of the country millions of dollars and leaving cottonseed meal to suffer, notwithstanding the fact that cottonseed meal is a better and cheaper fertilizer."

It was further recommended by unanimous resolution that the industry, where practical, use cotton bags for sacking cottonseed meal, mixed feed, and fertilizers as a means of increasing the consumption of cotton.

Mr. Benet, counsel for the association and referred to in the above resolution, states that he was not present at the meeting at which these resolutions were adopted and that no committee was selected to go to Washington. It appears that nothing further was done in this direction. However, the plan had already been adopted by the oil mills in several of the States, and as a result the cut of linters was materially reduced. In this connection attention is directed to Table No. 1 (see p. 5), which shows that the total cut of linters in 1926 was slightly less than in 1925, although the quantity of seed crushed was about 750,000 tons greater than in the previous year. Assuming that the normal cut in 1926 would have been as great as in 1925, viz, 94 pounds per ton of seed, the total linter cut was reduced by about 185,000 bales.

Woodall and Pendleton, of Dallas, Tex., the brokerage firm mentioned on p. 18, maintain a service bureau for the purpose of disseminating information as to cottonseed products. The expenses of this bureau is borne by its subscribers, which consist principally of operators of cottonseed-oil mills in Texas. Circulars containing general information as to market conditions are distributed to its subscribers and to the secretaries of the various associations.

### PRICES

During the World War period the price of cottonseed and cottonseed products was fixed by the Government and like other products reached abnormal levels. According to the Bureau of Agricultural Economics of the Department of Agriculture the peak was reached in 1919, the average price obtained by the producers in that year being \$67.18 per ton. In the following year, although the cotton crop was not above normal, the average price paid the producer for seed was only \$22.92 per ton. Since then the average price has varied somewhat in proportion to seed production, as will be seen by comparing the data presented in Table 1 (see p. 5) with the data presented in the table below. In Table No. 2 is shown the average price received by the producer in the principal cotton-producing States for the years 1921-1926:

TABLE NO. 2.—Yearly average price per ton obtained by producers for cottonseed

	Crop of—					
	1921	1922	1923	1924	1925	1926
United States.....	\$29.72	\$34.70	\$42.22	\$34.16	\$30.88	\$21.03
Alabama.....	30.72	36.37	46.07	36.13	31.69	22.62
Arkansas.....	28.21	32.99	44.50	34.21	25.03	19.73
Georgia.....	31.73	39.51	47.27	37.12	34.09	24.37
Louisiana.....	27.42	31.33	40.83	31.25	29.59	20.22
Mississippi.....	28.62	34.03	45.78	36.52	30.34	24.56
Missouri.....	31.41	36.66	50.24	40.00	30.40	19.78
North Carolina.....	33.19	41.29	44.60	37.35	34.60	24.56
Oklahoma.....	23.78	31.48	42.34	32.34	28.27	16.63
South Carolina.....	34.45	42.34	45.31	36.85	33.97	25.00
Tennessee.....	36.49	38.40	47.28	37.14	27.53	20.76
Texas.....	28.05	31.66	39.15	32.03	31.97	20.56



Prices in the various States vary due to the difference in the yield of the more valuable products and to the fact that in the Southeastern group of States there is a greater local demand for cottonseed meal for use in mixing fertilizers and feeds. For example, prices are generally higher in North and South Carolina, Georgia, Alabama, and Mississippi, than in Oklahoma and Texas. By referring again to Table 1 (see p. 5) it will be noted that the seed crop in 1923 and 1924 was below normal and that the average prices for seed were relatively high. In 1925 the crop exceeded that of 1924 by more than 1,000,000 tons, and the average price dropped from \$36.16 per ton to \$30.88 per ton in 1925. In 1926 the seed crop was almost a million tons larger than in 1925, and the average price of seed fell to the low level of \$21.63 per ton. In 1927 the price paid the producer was materially higher, many sales being noted at \$40 per ton, it being evident from the estimates that the seed production for the season would be below normal. In this connection it is of interest to note that the estimate for the current cotton crop, as of November 9, 1927, was only 12,842,000 bales as compared with 17,377,374 bales produced last year. On this basis the seed available for crushing probably will not exceed 4,250,000 tons.

For crushing purposes, the cottonseed secured no price data from the ginner but did secure prices paid by the oil mills in 1925 and 1926. The average price paid by the mills, exclusive of freight, for the last 10 days of September, October, and November for the two seasons was reported. Since the bulk of the seed crushed is purchased during these months it is believed that these prices are representative. In Tables 3 and 4 below are shown the prices reported by several of the mills operating in the principal cotton-producing States:

TABLE 3.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1925

[illegible]

TABLE 3.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1925—Continued

State	Mill No.	September, 1925									
		21	22	23	24	25	26	28	29	30	
Louisiana	5	\$33.00	\$35.00		\$35.00	\$36.00		\$36.00		\$36.00	
	6	36.00	36.00	\$36.00	37.00	37.00			\$36.00	36.00	
	7	37.10	38.20	36.60	38.00	37.00	\$38.50	37.00	39.00	36.00	
	8	38.00	39.00	40.00	40.00	39.00		39.00	39.00	36.00	
	9	33.00	33.00	33.00	35.50	35.50		34.00	36.00	35.00	
Mississippi	1	37.00	37.00		37.00		39.00	39.00	38.00		
	3	38.00	36.00	36.00	38.00	38.00		37.00	37.00	36.00	
	4	38.00	38.00		39.25					36.75	
	5	38.75		37.25	37.50	37.50	36.50	36.50	36.00	36.75	
	6	38.25	38.00	38.25	37.50	37.25	39.75	36.85	36.85	36.80	
North Carolina	5	36.75	36.00	37.50	35.50	35.50	35.25	35.25	35.75		
	6	40.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00	36.00	
	8	37.50	42.00	42.00	42.00	42.00	37.50	38.50	37.50		
	9	41.15	42.11	40.75	41.00	41.00	38.62	42.00	37.00		
	10	41.73	40.00	37.63	40.05	41.15	38.33	36.63	39.11	35.70	
South Carolina	2	42.00	42.25	41.75	41.40		40.15	40.40	40.25	39.00	
	3	42.75	42.25	42.25	41.25	39.75	39.00	39.00	38.25		
	4	42.00	42.00	42.00	41.50	40.50	39.75	39.25	38.51	38.50	
	5	41.50	42.00	40.00	41.00				38.00	38.00	
	6	40.00				40.00	40.00	38.00		38.00	
South Carolina	8	40.63	41.04	40.00	40.13	40.00	38.98	38.00	38.00		
	9	40.60	43.00	40.00	41.80	42.20	39.00	38.00	35.50	37.00	
	10	42.12	42.04	41.32	40.30	40.04	38.25	39.04	36.25	37.72	
	11	39.14	41.10	37.25	37.25	37.25	38.62	37.25	36.80	37.67	
	12	41.15	42.11	40.97	40.81	41.08	40.55	39.37	38.18	38.47	
Oklahoma	4	40.25	39.37	40.08	40.25	41.28	39.04	41.29	40.43	40.91	
	7	40.00	40.00	40.00	40.00	40.00	38.00	38.00		38.00	
	8	40.00		39.00	35.00	38.50				38.00	
	9	41.00	38.00	40.00					35.00	35.00	34.00
	10	37.00	36.50	36.00		38.00	37.50	37.50	38.00	38.00	
Texas	1	35.00		40.00			39.50	37.00	38.00	38.00	38.00
	2	38.00	38.00	35.00	35.00	35.00	35.00	35.00	36.00	36.00	
	3	36.00	36.00	35.00	35.00	35.00	35.00	35.00	36.00	36.00	
	4	36.00	36.00	36.00	35.00	35.00	35.00	35.00	36.00	36.00	
	5	36.00	36.00	36.00	35.00	35.00	35.00	35.00	36.00	36.00	
Texas	6	39.01	39.46	39.00	39.00	39.00	39.01	37.84			
	10	40.50	40.00	40.00	40.50	40.00	39.00	37.75	37.75	35.50	37.14
	11	38.00	38.00	38.00	38.00	38.07	36.00	38.00	37.50	35.50	37.14
	12	40.00	39.62	38.75					36.25	37.00	37.14
	13	39.00			37.75	37.75	36.50		36.50		39.50
Texas	4	40.00	39.66		40.00	38.50	39.33		40.00	37.00	
	5	36.00			37.75						
	7	40.00	40.16	38.25	39.15	38.47	40.00	38.00	39.57	38.58	38.52
	8	35.00	37.69	37.00	38.38	38.47	37.00	37.00	38.10	38.00	38.00
	9	38.00	38.00	38.00	41.00	38.00	37.00	37.00	37.00	37.00	37.00
State	Mill No.	October, 1925									
		21	22	23	24	25	27	28	29	30	
Alabama	1	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$31.00	\$31.00	\$31.00
	2	33.00	35.00	33.00	33.00	32.33	33.33	33.25	33.84		
	3	19.00	19.00	20.00		18.00	18.00	19.00	23.00	23.00	23.00
	4	32.75	32.75	33.00	33.25	34.75	32.75	32.50	28.75		
	5	34.00	31.50	34.00	37.75	31.00					
Arkansas	6	34.75	32.25	34.50		33.25	35.00		34.50	34.25	
	7	35.50	35.50	36.00	36.00	35.00					
	8	33.50	33.50	38.00		31.25	30.50	30.00	31.00		
	9	33.00	36.00	34.00	34.00						
	10	33.00	36.00	28.37	28.37	28.00	28.00			31.00	
Georgia	2	40.00	30.00	32.00	33.00	33.00	33.00	36.00	28.00		
	3	33.00	33.00	35.15	33.66	29.67	33.69	32.12		29.13	
	4	34.40									
	5	31.25	37.50	37.00	38.25	36.75	37.25	28.25	26.75	26.25	
	6	30.75	30.50	34.50	24.00	29.50	28.75	28.00	27.00	28.25	
Georgia	7	29.25	30.00			30.00	31.00	29.25	27.50	28.25	
	8	33.50	33.00	35.50	34.25	34.25	34.00	34.00	34.00	34.25	
	9	33.25	33.75	35.25	37.50	34.50	34.75	34.50	34.50	34.25	
	10	33.25	33.75	35.25	34.00	34.50	34.50	33.75	33.50	34.50	
	11	33.25	35.00	34.00							

TABLE 3.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1925—Continued

State	Mill No.	October, 1925									
		21	22	23	24	26	27	28	29	30	
Georgia	5	\$36.80	\$36.85	\$36.16		\$36.00	\$36.00	\$36.05			
	6	34.50	33.75	34.50		34.00	34.50	34.75		\$32.50	\$31.50
	7	37.50		35.00	\$36.50		35.00	35.25		33.75	
	8	36.00		34.00		33.25	34.00	34.00		33.00	32.50
Louisiana	1					35.00	35.00			34.00	34.00
	2	28.00	28.00	25.00	25.00		30.00	27.00		33.00	
	3						30.25	29.00			30.00
	4		33.70		29.12		31.15	26.60			
	3		30.00							23.00	
	7	34.00	33.50			31.60		30.00	31.75		
	8		30.00								
	9	33.50	34.00	33.00	32.50	33.00	33.00	32.00		31.00	30.00
Mississippi	1	31.00	31.00	31.00		31.00	31.00	31.00		31.00	
	2	34.00	34.00	34.00	34.00	34.00	33.00	33.00		33.00	
	3	35.00				33.00	33.00	34.00		33.00	
	4	32.25	32.00	32.00	32.00	32.00	30.50	30.75		30.75	
	5	32.50	32.75	32.25	32.25	31.50	30.50	30.50		29.50	30.25
	6	32.00	32.00	32.00	32.00	30.75				31.25	
	7	31.25	32.25	31.50	31.00					29.50	
	8	32.00	32.00	32.00	32.00		30.00	30.00		30.00	
North Carolina	10		35.50				33.00	33.00		32.00	
	1	31.00	31.00			32.00	32.25	32.00		32.00	
	3	34.75	37.00	37.00	36.00	37.00	34.25	34.00		29.00	28.00
	4	32.50		35.00	34.00			28.75		32.25	33.00
	5	34.00	37.75	36.00	37.75	34.00	33.50	33.00		32.50	32.25
	6	34.00	34.00	34.25	34.75	34.50		32.50		32.00	
	7										
	8		34.00	33.00	34.00	34.00	35.50	34.00		33.50	35.00
South Carolina	1	30.75	33.00	37.16	33.00	40.00	38.80	37.52		32.25	32.50
	2	33.00	32.25	34.00	34.44	31.65	29.33	33.00		31.80	
	3	35.13		31.50		34.30	34.30	33.00		32.00	
	4	33.50	34.77		34.34	34.81	35.51	35.50		33.75	
	5	34.00	33.75	36.00	37.00	34.00	34.00	36.00		33.00	
	6	34.00	34.14	36.14	36.12	34.00	36.73	34.59		33.00	
	7										
	8	31.50		31.50		31.50				32.50	32.50
Oklahoma	1	29.00	29.00	28.00	28.00	28.00				30.00	27.00
	2	31.50	32.00	33.00	31.50	32.00	31.00	31.00		31.50	31.50
	3				29.00	29.00				28.00	
	4		32.50	31.00		31.00	30.00	32.00		29.00	28.00
	5	29.00	29.00	28.00	28.00	27.00	27.00	26.00		28.00	26.00
	6										
	7										
	8		35.56		33.07		33.65	29.74	30.98		30.74
Texas	10	29.00		29.00	29.00	29.00	29.00	29.00		30.00	28.33
	1		32.30	32.50	31.25	30.11	30.37	30.19	32.25		30.13
	2										
	3		37.10	38.00			33.80	31.30	34.50		30.00
	4	37.00	34.00		36.00				37.50		
	5										
	6	31.00	31.50		30.50	29.83	29.68	28.87	29.00	29.00	
	7	32.50	30.47		31.35	31.00	30.00		32.00	32.00	
	8	37.00	37.00	36.25	37.33	37.25	36.20	34.75	35.41	36.00	
	9	33.50	33.50	30.00	30.00	31.00	31.00	31.00	31.00	31.00	

State	Mill No.	November, 1925						
		21	23	24	25	27	28	30
Alaska	ma	\$33.00	\$33.00	\$33.00	\$33.00		\$33.00	\$33.00
	1	35.83	36.00	35.00	35.87	33.00	36.00	36.00
	2	31.00	22.00	31.00	30.00	30.00	30.00	31.00
	3	31.50	32.75	33.50	34.25	35.00	35.75	36.25
	4	27.00	28.00	28.75	32.00	35.00	31.50	32.00
	5	30.00	30.25			33.75		37.75
	6	37.00	36.50	37.00	37.50		36.00	38.00
	7	34.00	32.00		33.50		34.00	36.00
	8	34.00			25.00	25.00		

TABLE 3.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1925—Continued

State	Mill No.	November, 1925						
		21	23	24	25	27	28	30
Arkansas	1	\$30.00	\$28.00		\$26.83	\$30.00		\$25.05
	2					28.00		28.00
	3	25.00	25.00	\$25.00	25.00	25.00	\$25.00	
	4	18.65		19.30				18.65
	5		26.00					
Georgia	1	27.00	24.50	25.00	22.75			28.00
	2	31.00	28.75	28.00		28.00		
	3	24.25	33.75	34.75	34.75	34.25	34.50	34.75
	4	33.50	36.25	36.00	34.50	36.75	36.00	36.75
	5	35.00	35.00	34.25	37.00	37.00	37.00	
	6	34.25	34.68	34.25			35.50	35.50
	7	32.50	36.75	34.50			36.75	36.00
	8	36.00	36.25	37.00		36.50	35.50	37.25
	9	37.50	37.50	36.50			38.25	38.50
	10			37.00	37.25	37.50	37.50	37.00
Louisiana	1							
	2	18.00	17.00	17.00		20.00		
	3							35.00
	4							30.00
	5	23.00		25.00	25.00	30.00		
	6			30.00	32.00	30.00		
	7							
	8							33.00
	9	33.00			33.00			
	10		22.00			31.50		
Mississippi	1			31.50	32.50			31.00
	2	35.00	35.00	35.50	35.00	33.00		33.50
	3							35.00
	4			34.00	33.00	33.00		34.00
	5	30.25						
	6	30.00	29.75	36.75	25.00	32.50	30.75	
	7	17.00		25.75	18.25	25.00	29.50	
	8	30.00	30.00	30.00	30.00	30.00	28.00	
	9		33.00					30.00
	10			26.00				
North Carolina	1	36.00		36.00	35.00	36.00	36.00	36.00
	2	31.00	33.38	36.68	33.17	33.00	35.83	33.00
	3	34.75	38.00	38.25	36.50	36.50	36.50	36.50
	4	32.75	36.75	36.50	37.00	37.25	37.50	35.00
	5	36.00	35.50	36.50	36.25	37.00	36.00	36.00
	6			36.25				36.45
	7	33.00		33.00	36.00			36.00
	8					36.00		36.00
	9	32.50	33.00	32.65	36.00	35.30	37.77	32.00
	10	36.31	33.12	32.65	32.63	33.96	33.79	33.00
South Carolina	1	24.30						32.00
	2	33.91	35.48	37.08	36.87	36.77	36.28	37.00
	3	34.00		34.00	34.00		34.00	34.00
	4	34.22	35.11	34.70	35.01	32.85	35.00	
	5							
	6							
	7							
	8	32.50		34.50		34.50		34.00
	9	34.00	36.00	33.00		36.00	36.00	35.00
Oklahoma	1	32.00	29.00			32.50	32.00	30.00
	2	36.00						36.00
	3	32.50		32.00		32.00	32.00	32.00
	4	35.00	35.00	35.00	36.00	36.00	36.00	36.00
	5	35.00	35.00	35.00	35.00		36.00	36.00
	6		32.88					
	7	29.25	31.18	31.18	31.97			
	8	27.60	30.79		29.35	31.51	26.37	
	9	34.50	35.00	34.00	34.00	34.50	32.50	34.00
Texas	1	31.46	33.19	36.25	34.85	36.00	36.26	34.00
	2							



TABLE 4.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1926

State	Mill No.	September, 1926									
		21	22	23	24	25	27	28	29	30	
Alabama.....	1	\$28.00	\$28.00	\$28.00	\$25.00	\$25.00	\$25.00	\$28.00	\$25.00	\$25.00	
	2	30.00	29.00	29.00	28.50	27.90	24.10	23.30	23.00	25.00	
	3	28.00	28.00	28.00	23.00	22.50	22.50	23.00	22.00	22.00	
	4	29.50	32.00	28.75	27.75	27.75	30.00	27.75	23.50	25.00	
	5	30.00	30.25	30.00	28.75	27.00	24.75	25.75	25.00	25.00	
	6	30.00	31.25	30.00	30.00	29.25	28.25	27.00	27.75	28.00	
	7	30.75	30.25	30.25	29.00	28.25	28.25	27.00	27.75	28.00	
	8	29.75	30.25	29.75	28.00	27.75	18.75	28.00	28.00	28.00	
	9	27.50	30.00	30.00	30.00	28.50	30.00	30.00	30.00	30.00	
	10	28.00	28.00	27.50	31.50	28.50	24.50	30.00	30.50	28.50	
Arkansas.....	1	28.00	28.00	28.00	28.00	28.00	26.05	26.51	26.00	24.33	
	2	28.53	28.00	27.00	27.00	27.00	24.00	24.00	24.00	24.00	
	3	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	
	4	30.90	31.30	29.98	29.75	27.25	30.14	29.60	29.60	29.60	
	5	27.75	28.50	27.75	26.75	27.25	26.50	25.50	25.25	22.25	
	6	28.00	29.25	27.50	26.50	26.00	23.00	23.25	26.00	25.25	
	7	28.40	28.25	28.25	27.75	27.75	28.51	28.12	27.92	28.25	
	8	29.91	27.70	27.71	29.33	29.24	28.29	28.29	28.29	28.29	
	9	28.66	28.01	28.15	27.78	27.78	24.01	27.50	28.75	28.75	
	10	30.50	30.50	30.00	28.25	27.50	27.50	27.50	27.50	27.50	
Georgia.....	1	30.75	30.00	28.25	28.75	28.50	27.75	28.25	28.75	28.00	
	2	33.00	29.75	28.50	28.75	27.25	27.75	28.25	28.25	27.00	
	3	30.00	32.00	30.00	30.00	30.00	31.40	31.30	31.30	31.30	
	4	30.75	30.00	28.00	28.00	28.00	27.75	27.75	27.75	27.75	
	5	30.00	28.00	28.00	28.00	28.00	28.50	28.50	28.50	28.50	
	6	30.00	29.50	29.00	28.75	28.25	28.00	28.00	28.00	28.00	
	7	30.00	31.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	
	8	31.00	31.12	31.72	30.85	30.12	29.15	29.37	29.25	28.90	
	9	22.00	22.00	22.00	21.50	21.50	21.50	21.50	21.50	21.50	
	10	23.00	23.00	23.00	21.00	21.00	21.00	21.00	21.00	21.00	
Louisiana.....	1	24.80	26.00	27.00	26.72	26.65	26.53	24.50	27.44	28.00	
	2	24.25	28.70	25.50	24.50	24.50	24.75	25.30	25.00	25.00	
	3	30.00	30.00	30.00	26.00	26.00	24.00	24.00	24.00	24.00	
	4	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	
	5	27.50	27.00	28.00	27.00	27.00	27.00	27.00	26.50	27.50	
	6	24.00	24.00	24.00	24.00	22.00	22.00	22.00	22.00	22.00	
	7	25.30	25.50	25.00	24.85	24.00	24.00	24.00	24.00	24.00	
	8	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	
	9	33.00	32.50	31.00	31.00	31.00	27.50	29.00	29.50	29.50	
	10	30.00	29.75	28.00	28.00	28.75	28.00	28.00	28.00	28.00	
Mississippi.....	1	33.00	33.00	33.00	34.00	33.00	30.00	30.00	30.00	30.00	
	2	31.25	31.25	30.00	30.25	28.75	28.50	28.50	28.50	28.50	
	3	29.75	29.25	27.50	27.25	26.75	26.75	26.75	26.75	26.75	
	4	29.75	30.50	30.00	28.75	28.25	26.00	26.25	26.25	27.00	
	5	26.50	29.00	27.00	26.00	25.00	24.00	24.00	24.00	24.00	
	6	30.00	30.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	
	7	33.00	33.00	32.50	33.00	33.00	34.00	33.00	33.00	33.00	
	8	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	
	9	30.75	30.00	29.50	29.00	28.50	28.25	28.50	27.50	27.25	
	10	30.25	28.75	28.00	28.25	28.50	28.50	28.50	27.75	27.75	
North Carolina.....	1	28.25	27.00	29.75	28.75	28.00	27.50	27.00	26.00	29.75	
	2	28.50	28.50	28.50	28.50	27.00	27.00	26.00	26.00	26.00	
	3	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	
	4	30.90	31.41	29.35	31.79	28.63	27.82	27.65	26.97	26.97	
	5	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	
	6	27.00	27.00	27.00	25.00	33.03	25.00	32.70	25.00	28.24	
	7	27.57	28.04	27.89	28.90	26.52	26.00	26.50	26.52	27.00	
	8	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	
	9	30.75	30.61	28.25	28.90	28.27	28.00	24.44	27.00	37.10	
	10	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	
Oklahoma.....	1	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	
	2	25.00	24.00	24.00	24.00	25.00	24.50	24.50	24.50	24.50	
	3	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	4	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	5	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	6	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	7	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	8	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	9	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	10	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	

TABLE 4.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1926—Continued

State	Mill No.	September, 1926									
		21	22	23	24	25	27	28	29	30	
Texas.....	1										
	2		\$26.28			\$25.70	\$25.50		\$20.00		
	3		28.85	27.60		27.21	31.00	\$28.60		\$25.75	
	4		30.50				31.00		27.50	27.50	
	5		28.85	\$27.63	25.60	27.75		26.33	31.00	27.50	
	6	\$26.00	24.50	24.50	24.50	24.50		23.50		24.50	
	7									24.50	
	8	27.50	26.50	21.00		25.33			25.33	24.50	
	9	28.00	27.00	26.98	26.00	25.77	27.70	25.00	24.00	24.00	
Alabama.....	1	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$23.00	\$23.00	\$23.00	
	2	23.00	22.00	21.17	20.00	21.00	21.50	21.86	18.00	10.66	
	3	31.00	28.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	
	4	31.00	28.75	21.75	24.00	22.75	23.50	22.75	22.75	21.75	
	5			23.50							
	6			23.50			21.60	18.50		16.25	
	7			22.75	22.75	22.00	22.25	23.00	22.50	24.00	
	8		22.75	22.75	22.00	24.25	24.50		22.00		
	9	21.00	17.50	24.00	21.66	22.50	24.00	18.50	20.50	22.50	
	10			23.00	21.66	20.50	20.50	21.00	20.87		
Arkansas.....	1	21.00	17.50	23.00	22.50	22.50	20.50	18.50	20.50	22.50	
	2			33.00		21.50		23.00	23.00	23.00	
	3	25.00		24.14	23.50	23.45	22.60	24.01	23.90	21.00	
	4	23.50		22.50	22.50	22.25	22.25		21.00		
	5	22.50	22.50								
	6	20.50	19.50	20.25	20.00	19.25	20.25	20.25	19.15	21.00	
	7					21.48	21.00	20.70	22.75		
	8		19.68	25.40	25.01						
	9	21.89	20.97	22.60							
	10	21.66	18.66	20.00	24.45	20.71		25.00		25.00	
Georgia.....	1	25.00	23.50	23.25	25.00	24.25				25.00	
	2	25.00	23.50	23.25	24.50	24.00	24.75	24.75	24.75	23.88	
	3	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	
	4	23.00	23.00	24.00	23.00	24.00	23.75	24.00	24.00	23.00	
	5	27.62	24.00		27.68	24.00	23.80				
	6	24.00						23.70			
	7	23.25	23.75	23.75	23.75	23.75	24.75	24.00	24.00	24.00	
	8	24.00	23.75	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	9	26.50	23.75	25.00				24.50	24.00	24.00	
	10	23.58	24.00	25.32	24.60	24.60	24.60	24.50	24.00	22.00	
Louisiana.....	1	21.00	21.00	21.00	21.00	21.50	21.50	21.00	21.00	21.00	
	2	19.00	19.00			21.00	19.00	19.00	19.00	19.00	
	3	26.26	24.75	24.40	24.56	23.80	23.80	22.70	25.28		
	4	21.00	21.00	21.00	21.00	21.50	22.68	22.68	22.68	22.00	
	5		22.65	23.65	22.20						
	6		22.00	22.00	22.00	22.00		22.00		21.60	
	7	24.00	24.00	24.00	24.00	24.00		23.00	26.00		
	8	26.50	23.75	25.00							
	9	23.58	24.00	25.32	24.60	24.60	24.60	24.50	24.00	22.00	
	10	21.00	21.00	21.00	21.00	21.50	21.50	21.00	21.00	21.00	
Mississippi.....	1	25.00	23.50	23.25	25.00	24.25				25.00	
	2	25.00	23.50	23.25	24.50	24.00	24.75	24.75	24.75	23.88	
	3	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	
	4	23.00	23.00	24.00	23.00	24.00	23.75	24.00	24.00	23.00	
	5	27.62	24.00		27.68	24.00	23.80				
	6	24.00						23.70			
	7	23.25	23.75	23.75	23.75	23.75	24.75	24.00	24.00	24.00	
	8	24.00	23.75	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	9	26.50	23.75	25.00				24.50	24.00	24.00	
	10	23.58	24.00	25.32	24.60	24.60	24.60	24.50	24.00	22.00	
North Carolina.....	1	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	2	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	3	25.50	25.25	25.50	25.25	24.75	25.00	25.50	24.75	25.00	
	4		26.25	25.50	25.00	25.00	25.00	25.00	25.00	25.00	
	5	26.50	25.25	26.50	25.00	26.00	25.50	24.75	24.50	25.00	
	6	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	7	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	8	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	9	25.00	25.31	25.52	24.85	24.71			24.77	24.77	
	10		25.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	

TABLE 4.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1926—Continued

State	Mill No.	October, 1926									
		21	22	23	25	26	27	28	29	30	
South Carolina.....	1	\$23.00	\$26.24	\$25.20	\$23.90	\$22.90	\$22.00	\$22.00	\$22.00	\$22.33	
	2	23.50	24.45	24.00	23.04	24.35	25.18	23.04	22.91	22.91	
	3	22.50	22.50	21.50	21.50	21.50	21.50	22.50	21.50	22.50	
	4	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	
	5	26.00	26.00	26.00	24.00	24.00	24.50	23.50	24.00	23.00	
	6	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	
Oklahoma.....	1	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	2	20.33	21.00	19.00	21.00	21.00	19.50	19.00	19.00	19.00	
	3	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	
	4	21.00	19.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	
	5	21.00	21.00	21.00	19.00	19.00	19.00	19.00	19.00	19.00	
	6	21.00	21.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	
Texas.....	1	21.15	19.50	17.50	17.50	22.00	21.40	17.90	17.50	17.50	
	2	19.80	17.63	19.80	18.40	18.31	19.31	19.31	19.31	19.31	
	3	22.00	21.50	20.00	19.50	19.50	20.00	20.00	20.00	20.00	
	4	22.00	22.00	20.00	22.00	22.00	19.43	19.00	19.00	19.00	
	5	23.33	22.25	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	6	22.00	21.50	22.00	21.50	21.00	21.00	21.00	21.00	21.00	

State	Mill No.	November, 1926									
		20	22	23	24	25	26	27	29	30	
Alabama.....	1	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	
	2	19.50	23.00	23.30	21.33	23.50	23.00	22.57	21.91	21.91	
	3	30.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	
	4	21.00	22.50	23.25	21.75	23.25	20.75	22.75	20.75	24.00	
	5	22.75	24.50	23.75	22.75	22.75	22.75	23.25	23.25	24.25	
	6	22.25	23.25	22.25	22.25	22.25	22.25	22.25	22.25	22.25	
Arkansas.....	1	22.50	20.50	25.50	25.50	25.50	21.00	21.00	21.00	21.00	
	2	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	3	22.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	4	22.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	5	21.75	21.00	22.00	21.75	21.50	21.25	21.95	21.50	21.50	
	6	20.45	21.50	22.25	22.25	21.40	20.75	21.75	20.50	20.50	
Georgia.....	1	18.90	20.01	20.01	20.14	20.00	20.00	20.00	20.00	20.00	
	2	25.25	25.00	23.50	23.50	24.00	24.00	24.00	24.00	24.00	
	3	24.25	24.00	24.75	24.25	24.25	24.25	24.25	24.25	24.25	
	4	23.00	23.00	23.25	23.25	24.25	24.25	24.25	24.25	24.25	
	5	24.75	23.51	24.00	24.00	23.00	23.00	23.00	23.00	23.00	
	6	22.50	24.50	24.00	23.00	23.00	23.00	23.00	23.00	23.00	
Louisiana.....	1	24.25	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	2	22.05	23.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	3	24.50	24.75	23.00	24.75	24.75	24.75	24.75	24.75	24.75	
	4	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
	5	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	
	6	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	

TABLE 4.—Average price paid by cottonseed-oil mills for cottonseed per ton on the last 10 days September, October, and November, 1926—Continued

State	Mill No.	November, 1926									
		20	22	23	24	25	26	27	29	30	
Mississippi.....	1	22.00	22.50	22.00	22.00	22.00	22.00	22.00	22.00	22.00	
	2	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	
	3	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	
	4	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	
	5	22.75	22.50	21.50	22.00	22.25	22.25	22.25	22.25	22.25	
	6	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	
North Carolina.....	1	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	2	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	3	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	4	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	5	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	6	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
South Carolina.....	1	23.52	26.90	27.11	22.00	23.50	20.00	22.62	24.00	24.00	
	2	23.70	21.60	21.60	21.60	21.60	21.60	21.60	21.60	21.60	
	3	21.50	20.67	21.00	21.00	21.00	21.00	21.00	21.00	21.00	
	4	23.75	23.10	23.10	23.10	24.65	24.60	24.60	24.60	24.60	
	5	22.25	21.00	22.00	21.00	21.00	21.00	21.00	21.00	21.00	
	6	22.00	22.57	21.97	21.96	22.44	22.50	23.06	22.75	22.75	
Oklahoma.....	1	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
	2	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
	3	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	
	4	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	
	5	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
	6	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
Texas.....	1	18.50	17.00	21.00	18.00	18.00	18.00	18.00	18.00	18.00	
	2	21.00	19.50	21.00	20.00	19.00	19.50	21.00	19.00	19.00	
	3	22.50	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	
	4	22.50	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	
	5	17.25	16.50	16.10	16.10	16.10	16.10	16.10	16.10	16.10	
	6	17.25	16.50	16.10	16.10	16.10	16.10	16.10	16.10	16.10	

Prices of the companies in the various States listed above vary to the same extent as the average prices paid the producer shown in Table No. 2. In addition, the prices for mills located in the same State and operating in the same general territory vary. Prices shown in the above tables range from \$2 to \$6 per ton higher than those paid the producer as the price reported by the mill includes the grinner's commission or profit and handling charges, exclusive of freight.

The names of the mills reporting the prices shown above are not shown in the table. Not more than 10 mills from any State are included, but an effort has been made to include mills representative of the concerns operating a chain of mills as well as the concerns operating a single mill. The prices shown are the average for the day, so may represent a single or several purchases of seed. There is usually a range of several dollars per ton in the prices shown, although on a few days, in some of the States, the prices are practically the same. For example, on September 25, 1925, the average

price of mill No. 1 in Alabama was \$35 as compared with \$41 for mill No. 7; in Arkansas, the average price of mills No. 1 and No. 2 was \$36 as compared with \$41.70 for mill No. 4; in Georgia the average price of mill No. 4 was \$38, while the average price of mill No. 6 was \$41.25; in Louisiana the average price of mill No. 2 was \$34, as compared with a price of \$39 at mill No. 8; in Mississippi the average price of mill No. 8 was \$35.25 and the price of mill No. 2 was \$39; in North Carolina prices ranged from \$39.75 for mill No. 4 to \$42 for mill No. 1; in South Carolina from \$37.30 for mill No. 3 to \$44.81 for mill No. 1; in Oklahoma from \$35 for mill No. 6 to \$40 for mill No. 5, and in Texas from \$36 for mill No. 1 to \$40 for mill No. 7. On the whole the range of prices in 1926 was not as wide as in 1925. For example, in October prices in some of the States were fairly uniform. On October 26, 1926, the range in average prices in Alabama was from \$20 at mill No. 1 to \$27 for mill No. 3, but in Arkansas the range was only from \$20 at mill No. 6 to \$23.45 at mill No. 4; in Georgia from \$23 at mill No. 4 to \$25.75 for mill No. 10; in Louisiana from \$20 at mill No. 10 to \$24.60 at mill No. 6; in Mississippi from \$22.25 at mill No. 8 to \$26.50 at mill No. 2; in North Carolina from \$24 at mills Nos. 1, 6, 7, and 9, to \$26 at mill No. 5; in South Carolina from \$21.60 at mill No. 3 to \$24.35 at mill No. 2; in Oklahoma from \$15.40 at mill No. 8 to \$21 at mill No. 2; and in Texas, from \$19 at mill Nos. 6 and 7 to \$22.70 at mill No. 1.

Cottonseed is not officially quoted and refined oil is the only product of cottonseed quoted on the New York Produce Exchange and New Orleans Cotton Exchange. It is this fact of which the industry complains, and, of course, encourages speculation all along the line. The price of refined oil as quoted on the two exchanges appears to be based on bona fide transactions as is the price of many other commodities. Crude-oil prices are fixed on this basis, the price for crude regularly being about 160 points less than the price of refined oil.

Cottonseed and cottonseed products are quoted in a semi-official manner at New Orleans, La., Dallas, Tex., Houston, Tex., and Little Rock, Ark. The price of products thus quoted is not binding on the purchaser and it is alleged that the quotations are not authoritative. Some of the information is, however, widely distributed by means of the telegraph, newspapers, and radio and therefore becomes available to the producer as well as those interested in the purchase of seed.

In Dallas and Houston, Tex., there is posted daily on the exchanges the market price on cottonseed, crude oil, cake, meal, hulls, and linters, which prices are furnished by a committee of the exchange known as the Cotton Seed Products Quotations Committee. The prices so quoted are obtained by the secretary of the committee who ascertains from the various oil mills in the vicinity of the respective cities the actual price paid or offered for cottonseed, the quotations being the highest price paid or bid. The secretary is a broker and is in touch with the purchasers of the various products. In each of these exchanges the Western Union Telegraph Co. maintains an office and furnishes the quotations to those paying for the service. This service is known as C.N.D. service. The Dallas News, in connection with the Baker Hotel Corporation, maintains and oper-

ates a radio broadcasting station (WFAA) and without remuneration broadcasts daily at 1.30 p. m. the quotations on the Dallas Cotton Exchange. The News also publishes the complete quotations of the exchange for the previous day as well as prices at which cottonseed was actually sold at various points in Texas. This information is also broadcast daily at 9 a. m.

There is quoted on the New Orleans Cotton Exchange and Little Rock Cotton Exchange similar information to that quoted on the Dallas Cotton Exchange. At Little Rock, Ark., the local representatives of the brokerage firm of Fenner & Beane, of New York City, which has branch offices in New Orleans, Little Rock, and Hot Springs, telegraph the quotations to the Hot Springs office from which place they are broadcast by radio. At New Orleans the Times Picayune, a daily publication, carries the quotations on cottonseed and cottonseed products for the preceding day.

A daily report is also issued by the Atlanta Commercial Exchange, of Atlanta, Ga., giving the quotations on various commodities, including cottonseed products and certain statistical information with respect to ginning.

An examination of the reports issued at these marketing centers and which contain cottonseed prices asked or actually paid indicates a close relation between the value of the cottonseed products and the price of seed. Invariably the price of seed follows the trend of prices on crude oil and to a lesser degree the price of the other products. This is shown in the table below, which is a statement of the quotations on the Dallas (Tex.) Exchange for the seasons 1925-26 and 1926-27. The statement includes the quotations on seed, crude oil, meal, hulls, and linters for the 1st and 15th of each month during the two seasons.

TABLE NO. 5.—Statement showing Dallas, Tex., quotations on cottonseed and cottonseed products, 1st and 15th each month, during the seasons 1925-26 and 1926-27

Date	Seed (per ton)	Oil (cents per pound)	Meal (per ton)	Hulls (per ton)	Linters (cents per pound)
Sept. 1, 1925.....	\$36.00	8 1/2	\$36.00	\$10.00	4 1/2-6
Sept. 15, 1925.....	42.00	9 1/4	37.00	10.00	4 1/2-6
Oct. 1, 1925.....	38.00	8 1/2	36.00	10.00	4 1/2-6
Oct. 15, 1925.....	35.00	8 1/2	34.00	10.00	4 1/2-6
Nov. 1, 1925.....	32.00	8 1/2	32.00	10.00	4 1/2-6
Nov. 15, 1925.....	37.00	8 1/2	34.00	10.00	3 1/2-5 1/2
Dec. 1, 1925.....	40.00	9	35.50	10.00	3 1/2-5
Dec. 15, 1925.....	39.00	8 1/2	33.00	10.00	3 1/2-5
Jan. 1, 1926.....	38.00	9 1/4	32.00	9.00	3 1/2-5
Jan. 15, 1926.....	40.00	9 1/2	31.00	9.00	3 1/2-5
Feb. 1, 1926.....	40.00	9 1/2	30.00	9.00	3 - 5
Sept. 1, 1926.....	34.00	11 1/2	28.00	5.00	3 - 5
Sept. 15, 1926.....	29.00	9	27.00	4.00	3 - 5
Oct. 1, 1926.....	21.00	7 1/2	25.00	4.00	1 1/2-5
Oct. 15, 1926.....	24.00	7 1/2	25.00	4.00	1 1/2-5
Nov. 1, 1926.....	22.00	7 1/2	24.00	4.00	1 1/2-4
Nov. 15, 1926.....	20.00	6 1/2	23.00	4.00	1 1/2-4
Dec. 1, 1926.....	20.00	6 1/2	24.00	4.00	1 1/2-3
Dec. 15, 1926.....	20.00	6 1/2	24.00	4.00	1 1/2-3
Jan. 1, 1927.....	20.00	6 1/2	24.00	4.00	1 1/2-3
Jan. 15, 1927.....	20.00	6 1/2	27.00	4.00	1 1/2-3
Feb. 1, 1927.....	26.00	7 1/2	29.50	5.00	1 1/2-3
Feb. 15, 1927.....	30.00	8	30.00	5.00	1 1/2-4
Mar. 1, 1927.....	30.00	8 1/4	31.00	5.00	2 - 5
Mar. 15, 1927.....	30.00	7 1/2	30.00	5.00	2 - 5

During the season 1925-26 the price of crude oil was fairly uniform, ranging from 8½ cents per pound to 9½ cents per pound at the close of the season. For the same period the quotations on seed ranged from \$32 per ton to \$42 per ton. The season of 1926-27 was one of low prices. During the marketing period, October 2, 1926, to February 1, 1927, the price of crude oil was below 8 cents per pound and in November and December was only about 6½ cents per pound. Meal prices although lower did not decline to the same extent but hulls and linters were practically worthless. As a result the price of seed f. o. b. Dallas declined to \$20 per ton. Quotations on the other markets show about the same relation between the seed and its products.

The Federal Reserve Bank of Dallas for the last three years has collected statistics regarding prices being paid for cottonseed by the mills operating in Texas. According to bank officials, the local banks were reckless in loaning money on cottonseed and in order to prevent this condition statistics with respect to production, prices, and stocks on hand were collected from the mills and furnished the banks with advice that they must be more conservative in making loans. A report is compiled weekly which shows the number of mills reporting, seed received during week, average cost of seed per ton, including freight, cottonseed products sold during the week together with the average price received, and an estimate of the unsold cottonseed products on hand and to be produced. A copy of this statement is also furnished the mills reporting. These reports also show a wide range in prices paid by the mills in the State.

While no data was secured from the concerns engaged in crushing seed or refining oil relative to manufacturing costs or profits many complaints were received of general conditions in the industry. An official of one of the large concerns, operating a chain of mills, stated that for some time there have been too many mills and in an effort to save the loss incidental to necessary overhead expenses they have frequently paid more for seed than could be obtained from the products. It is contended that in some sections the capacity of the crushing mills greatly exceeds the normal seed supply in those localities. Particular attention was directed to the large number of failures in the industry, among them being the Osage Cotton Oil Co., which operated a chain of mills; the old Southern Cotton Oil Co., owning 50 or more mills, and which was operated by the Virginia-Carolina (Chemical Co.); the American Cotton Oil Co., operating 8 mills; and the Empire Cotton Oil Co., operating several mills in the Southeastern States. Most of these resulted from operations in 1923, when high prices for seed prevailed generally, and it is evident that the industry has not fully recovered from the losses incurred during that season. In addition, many smaller concerns operating mills have failed or have been reorganized within recent years. In this connection, it was pointed out that in 1914, in Georgia, there were 145 mills in operation; in 1921, 82 mills; and that during the present season only about 45 mills were in operation, and that since 1921 no new mills had been constructed in the State. Those in the industry complain that the concern willing to speculate on the price to be received from cottonseed products sets the price for those attempting to buy seed on a fair basis, and as a consequence losses result to all

if the higher prices for oil and meal do not materialize. If this be true, it would follow that during a period when the trend of oil prices was downward the price paid for cottonseed might easily fall below a level warranted by actual conditions and when the oil market was bullish higher prices might prevail for seed than could eventually be realized from the products.

Much higher prices were realized for cottonseed this season than in 1926. In some places the producer was paid \$40 per ton whereas the average price realized last year as reported by the Department of Agriculture was only \$21.63 per ton. Crude oil, however, has been above 9 cents per pound as compared with a low of 6 cents during 1926, so that the margin realized by the crusher is not necessarily less. The opinion of those acquainted with conditions in the crushing industry is to the effect that the average cost of crushing seed, including overhead expenses, is about \$3.50 per ton. On this basis there is not much difference between the cost of the seed to the mill and the value of the products according to current quotations as is shown in the following statement:

	Per ton
Cost of seed.....	\$40.00
Average freight.....	2.50
Manufacturing cost.....	8.50
Total.....	51.00
300 pounds crude oil at 9½ cents.....	29.25
925 pounds cake or meal at \$36 per ton.....	16.65
Hulls and linters.....	5.50
Total value of products from ton of seed.....	51.40

The actual returns of the individual mills will, of course, vary considerably from the above estimates. An official of a concern operating several mills stated that with the average cost of seed about \$41.50 their total cost would be about \$52.50 per ton of seed crushed and from which they could hardly expect to realize, at current prices for cottonseed products, more than \$50. In any event, it is evident that on the basis of the present cost of seed and an average manufacturing cost of \$8.50 per ton, the value of the products does not exceed the total cost by a wide margin. Furthermore, it does not appear from a comparison of the average prices actually paid by the mills with the published quotations on oil and other cottonseed products that a wide margin of profit was realized in either 1925 or 1926.

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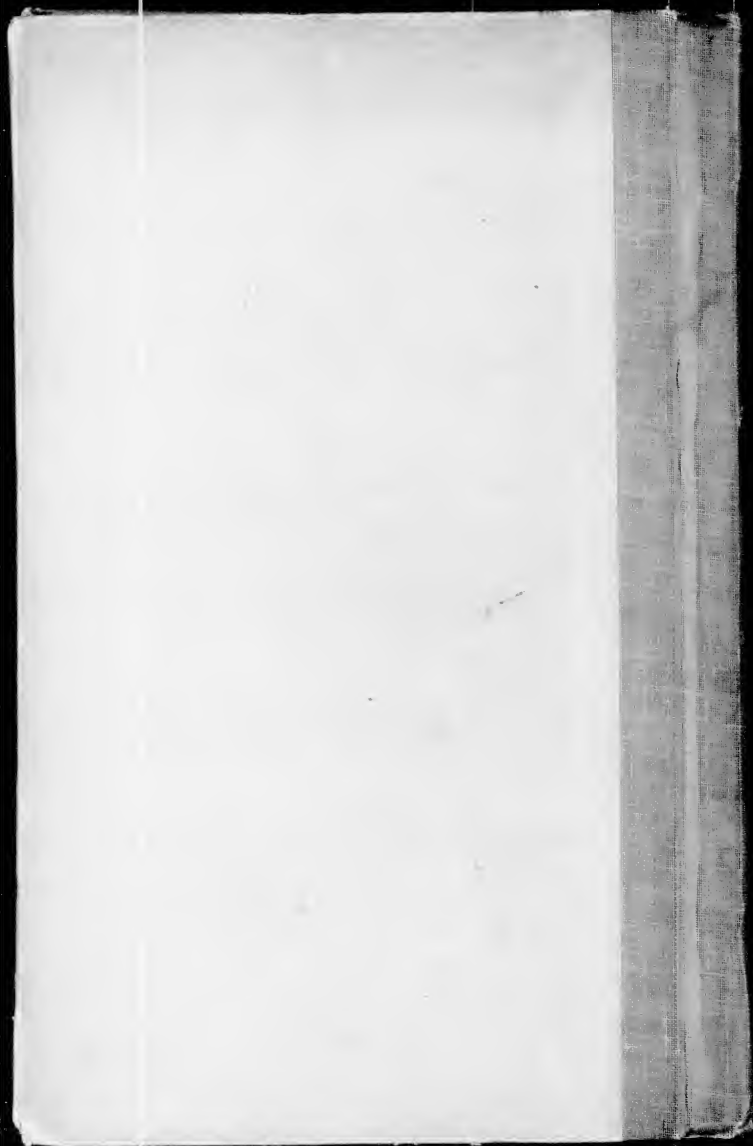


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